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Tobacco

World Tobacco Situation

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Summary.....2

World Developments Affecting Tobacco Demand

Major British Cigarette Company Announces Diversification.....3
Philippines Raises Cigarette Taxes.....3

World Developments Affecting Tobacco Supply

Canadian Flue-Cured Tobacco Growers Propose Government Intervention.....3
Canadian Flue-Cured Tobacco Market Closes.....3
Greek Tobacco Export Report.....3
Indonesia Attempts To Improve Tobacco Productivity and Quality.....4
Malawi Market Report.....4
Zimbabwe Market Report.....4

U.S. Tobacco Developments

U.S. Tobacco Trade Developments, May 1986.....5
U.S. Tobacco Trade Summary and Outlook.....6

Special Reports

World Cigarette Production and Trade.....16
West African Tobacco Situation.....47

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Approved by the World Agricultural Outlook Board - USDA

SUMMARY

World cigarette production in 1985 increased 3.7 percent to 4,873 billion pieces. China's cigarette output increased one-tenth and was the major reason for the large gain in global cigarette output. Excluding China, world cigarette production increased about 1 1/2 percent. Most Asian, African and South American countries showed increases in cigarette output. Stagnation in output occurred in Europe, North America, and Japan.

U.S. unmanufactured tobacco exports during May 1986 totaled 13,096 tons, valued at $79 million, an increase of 74 percent in volume from May 1985. The large percentage increase during May 1986 is largely the result of the comparatively low export figure of May 1985. May flue-cured tobacco exports totaled 5,517 tons, valued at $34.5 million, a 31 percent volume increase from the previous year. Burley tobacco exports during May totaled 4,410 tons, valued at $27 million. Compared to the burley export volume in May 1985 shipments were up 167 percent. Cigarette shipments during May 1986 totaled 5.23 billion pieces, valued at $104.5 million, a 46 percent increase in volume from May 1985.

May 1986 imports for consumption (duty paid) totaled 19,419 tons, valued at $52.6 million, a volume increase of 24 percent from May 1985. General imports (actual arrivals) of unmanufactured tobacco during May 1986 totaled 26,388 tons, valued at $72.7 million, up 13 percent in volume from the previous May.

A major cigarette manufacturer in the United Kingdom has announced plans to purchase a chain of 500 retail stores. The move is part of the company's stated goal of obtaining 50 percent of its profits from non-tobacco enterprises.

In the Philippines, effective July 1, 1986, cigarette taxes were raised by varying levels. With the tax increase, the ad valorem tax rates now range from 20 percent to 50 percent. A second tax increase is scheduled for July 1, 1987.

In Canada, the Ontario Flue-cured Tobacco Growers Marketing Board met with Canadian Government officials to request Can$333 million (US$242 million) to help flue-cured growers find alternative crops.

Also, in Canada, the flue-cured market closed on June 6 after 77 sale days. For the season, 170 million pounds were auctioned averaging Can$1.26 per pound (US$0.92).

Greek tobacco exports for the month of April 1986 totaled 16,848 tons, valued at US$39.6 million. For the marketing year July 1985 to April 1986, exports totaled 68,158 tons, valued at US$154.2 million.

Indonesia has announced a revised tobacco production program called the Tobacco Intensification Program. The program is designed to improve the productivity and tobacco quality of small-farm tobacco operations.

Tobacco markets continue in Zimbabwe and Malawi with average prices in both markets this season above those of 1985.

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World Developments Affecting Tobacco Demand

One of the largest cigarette manufacturers in the United Kingdom has announced intentions to purchase a major chain of 500 retail stores, as part of its stated policy goal of obtaining 50 percent of its profits from non-tobacco interests. The company already owns several other non-tobacco companies; this move should bring the non-tobacco share of total profits to around 40 percent when made final.

Effective July 1, 1986, cigarette taxes were raised in the Philippines. The new tax structure imposes a 40 percent ad valorem tax on local brands that are locally manufactured, with an increase to 50 percent effective July 1, 1987. For foreign brands that are locally manufactured, the tax is 50 percent effective July 1, 1986, increasing to 60 percent on July 1, 1987. These taxes are for cigarettes with a wholesale price of Philippine Pesos 3.6 or more per pack (approximately US$ 0.18). For cigarettes costing less than 3.6 pesos, the rates are 20 percent now, and 25 percent in July 1987. This tax increase perpetuates discrimination against foreign-branded cigarettes, although the amount of discrimination (10 percent) is now much less than the 50 percent surcharge foreign brands previously had to pay.

World Developments Affecting Tobacco Supply

In Canada, on June 12, 1986, members of the Ontario Flue-cured Tobacco Growers' Marketing Board (OFCTGMB) met before a subcommittee of the Canadian House of Commons to request Can$333 million (US$242 million) to help producers find alternative crops to flue-cured tobacco. According to the OFCTGMB, the $333 million would be used over a 3-year period to lessen the short-run problems of finding replacement crops. Citing reduced production in recent years, due to high domestic unmanufactured tobacco inventories and lower cigarette consumption, the OFCTGMB considers the assistance necessary. Currently, about 1,700 growers and 900 sharecroppers produce flue-cured tobacco in the Ontario Province. Should the proposed assistance be approved, during the 3-year program, each grower and sharecropper would receive about Can$128,000 (US$93,235). The meeting held by the subcommittee is the first of several planned concerning this issue. Following the meeting, no commitment was made by either Canada's Agriculture Minister or Finance Minister.

Also in Canada, as reported in last month's circular, after 77 sales days, the Canadian flue-cured tobacco market closed for the season with total sales of 170 million pounds sold, averaging Can$1.26 per pound (US$0.91). Last year, total Canadian flue-cured marketings were 170 million pounds, valued at Can$1.46 per pound (US$1.05). The reduced grower price during the current season is considered to be the result of the lowering of the U.S. price as well as the domestic oversupply situation.

Greek tobacco exports for the month of April 1986 totaled 16,848 tons, valued at US$39.8 million. Leading destinations were the United States (4,495 tons), France (3,902 tons), and Bulgaria (2,327 tons). For the marketing year July 1985 to April 1986, exports totaled 68,158 tons, valued at US$154.2 million. This is up 4 percent in quantity, and 40 percent in dollar value from last year's July-April figures of 65,723 tons and US$110.0 million. Other EC countries were the destination of 18,950 tons, followed by Eastern Europe with 17,535 tons, and North America with 13,865 tons.

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Although relatively unsuccessful in past attempts to improve the situation of the small-farm tobacco producer, on April 13, 1986, the Indonesian Minister of Agriculture announced a new tobacco production program referred to as "The Tobacco Intensification Program" (TIP). Under the revised program, small-farm tobacco producers will receive from an "organizer" company increased technical supervision and production inputs (fertilizer, pesticides, and credit) which are intended to increase farmer income, employment, and productivity, as well as to improve tobacco quality and reduce foreign exchange outlays for purchases of imported tobacco. The organizer company in most cases will be a state-owned plantation which will be required to purchase all tobacco from the participating producers, provided that they fulfill agreed-upon production and credit requirements. The success of this program is uncertain due to the ineffectiveness of previously attempted programs. Imports from the United States during 1985 totaled 874 tons, a 60 percent reduction from 1984. Although imports from the United States are expected to improve in 1986, improved domestic quality and productivity could prevent future expansion of imports.

In Malawi, after 12 weeks of sales ending July 3, 1986, 37,541 tons of tobacco (all types) were marketed, valued at 112 million Kwacha (US$61.0 million), averaging 2.99 Kwacha per kilogram (US$1.63) Sales of all types after 12 weeks in 1985 totaled 31,887 tons, valued at 66.9 million Kwacha (US$36.5 million), averaging 2.09 Kwacha per kilogram (US$1.19). Burley tobacco sales totaled 18,919 tons, valued at 2.99 Kwacha per kilogram (US$1.63). A year ago, burley tobacco sales totaled 15,080 tons, averaging 1.96 Kwacha per kilogram (US$1.12) Flue-cured tobacco sales in 1986 totaled 13,802 tons, an average of 3.25 Kwacha per kilogram (US$1.77). A year ago, the flue-cured volume totaled 12,360 tons, and averaged 2.45 Kwacha per kilogram (US$1.40). Sales of fire-cured (Northern division) lower leaf quality were 1,624 tons, and averaged 1.55 Kwacha per kilogram (US$0.84), compared to a year ago when sales totaled 771 tons, valued at 1.03 Kwacha per kilogram (US$0.59). Marketings of fire-cured (Northern division) main crop quality, totaled 2,371 tons, valued at 2.78 Kwacha per kilogram (US$1.52). Last year, 2,573 tons of fire-cured (Northern division) main crop quality were sold at an average price of 2.01 Kwacha per kilogram (US$1.15). Sales of fire-cured (southern division) main crop quality totaled 261 tons, valued at 474,888 Kwacha (US$258,814), and averaged 1.82 Kwacha per kilogram (US$1.00). A year ago sales of this type totaled 283 tons, valued at 320,988 Kwacha (US$182,963), and averaged 1.14 Kwacha per kilogram (US$0.65).

In Zimbabwe, the Tobacco Marketing Board has reported 11 weeks of flue-cured tobacco sales as of July 7, 1986. For the 11 weeks, sales totaled 47,506 tons, valued at Z$148.8 million (US$84.8 million), at an average price of Z$3.13 (US$1.78) per kilogram. In 1985, following 11 weeks of marketings, 34,748 tons were auctioned, valued at Z$95.7 (US$60.3) million, averaging Z$2.75 (US$1.73) per kilogram. The weekly average price continues to set new records for Zimbabwe flue-cured, which, for the first time during the sixth week of sales rose above Z$6.00 (US$3.42) per kilogram. As reported in last month's circular, much of the price increase, when expressed in U.S. currency, is due to the 10 percent appreciation of the Zimbabwe dollar since the same period a year ago.

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U.S. Tobacco Trade Developments, May 1986

U.S. unmanufactured tobacco exports during May 1986 were 13,096 tons, valued at $79 million, an increase of 74 percent in volume from May 1985. The large percentage increase May 1986 is largely the result of a comparatively low export figure in May 1985. Flue-cured tobacco exports in May 1986 were up 31 percent from the previous year. Exports of burley tobacco rose 167 percent from May 1985. The Federal Republic of Germany was the leading market during May 1986 taking 3,530 tons, followed by the Netherlands with 1,530 tons, Taiwan with 1,245 tons, Switzerland with 860 tons, and Italy with 648 tons. For January-May 1986, exports were 81,757 tons, valued at $491 million, a decrease in volume of 11 percent from the same period in 1985. The leading markets were the Federal Republic of Germany (15,198 tons), Japan (11,540 tons), Italy (6,886 tons), the Netherlands (6,313 tons), and Thailand (5,899 tons).

Flue-cured tobacco exports during May 1986 totaled 5,517 tons, valued at $34.5 million, an increase of 31 percent in volume from May 1985. For January-May 1986, flue-cured exports were 30,054 tons, valued at $190 millions, down 33 percent in volume from a year ago. Leading markets were the Federal Republic of Germany (6,639 tons), Italy (3,383 tons), the United Kingdom (3,094 tons), Thailand (2,484 tons), and Australia (2,095 tons).

Burley tobacco exports rose markedly during May 1986 compared to the previous year with shipments totaling 4,410 tons, valued at $27 million, an increase in volume of 167 percent from May 1985. For January-May 1986, burley exports were 32,310 tons, valued at $209 million, a 2 percent increase from a year ago. Japan was the leading market, receiving 10,094 tons. Other major markets were the Federal Republic of Germany (6,332 tons), Italy (3,502 tons), Thailand (3,415 tons), and the Netherlands (2,642 tons).

Exports of other types (excluding flue-cured and burley types) during January-May 1986 totaled 19,392 tons, valued at $92 million, up 31 percent in volume from a year ago. The category stems, trimmings, and scrap accounted for 64 percent of the export volume within this grouping.

Cigarette exports during May 1986 were 5.2 billion pieces, valued at $104.5 million, up 46 percent in volume from May 1985. For January-May 1986, cigarette exports have totaled 24 billion pieces, valued at $487 million, an increase of 5 percent in volume from the same period a year ago. Belium/Luxembourg lead all markets with exports of 5.9 billion pieces. Other major markets included Hong Kong (3.44 billion pieces), Japan (3.06 billion pieces), and Saudi Arabia (2.5 billion pieces).

Unmanufactured tobacco imports for consumption (duty paid) during May 1986 were 19,419 tons, valued at $52.6 million, a 24 percent increase in volume from May 1986. For January-May 1986, imports for consumption were 86,311 tons, valued at $256.3 million, an increase in volume of 12 percent from the same period of 1985. Oriental leaf imports were 31,850 tons, valued at $113 million, down 6 percent in volume from the previous year.

General imports (actual arrivals) of unmanufactured tobacco for May 1986 were 26,388 tons, valued at $72.7 million, a volume increase of 13 percent from May 1985. For January-May 1986, general imports were 105,776 tons, valued at $316 millions, an increase in volume of 20 percent from last year. Oriental imports were up 21 percent, while other cigarette leaf imports were up 44 percent.

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U.S. TOBACCO TRADE SUMMARY: 1985-1986

	May		January-May		January-December	
	1985	1986	1985	1986	1985	1986 1/
Exports...:						
Unmanufactured Tobacco						
M.T.....:	7,541	13,096	92,163	81,757	249,015	260,000
$1,000..:	47,328	78,998	596,426	490,889	1,520,644	1,495,000
$/M.T...:	6,276	6,032	6,471	6,004	6,107	5,700
Cigarettes						
Bil. pc.:	3.6	5.2	22.9	24.0	58.9	60.0
$1,000..:	68,362	104,499	462,077	487,106	1,179,938	1,200,000
Imports for Consumption						
Unmanufactured Tobacco 2/						
MT.....:	15,700	19,419	77,286	86,311	196,452	190,000
$1,000..:	46,788	52,606	229,705	256,263	576,137	565,000
$/M.T...:	2,980	2,708	2,920	2,969	2,933	3,000
General Imports						
Unmanufactured Tobacco 2/						
MT.....:	23,451	26,388	87,923	105,776	202,040	180,000
$1,000..:	69,467	72,692	244,987	315,897	539,168	540,000
$/M.T...:	2,962	2,755	2,786	2,986	2,669	3,000
Unmanufactured Tobacco Imports from CBI Countries in MT 2/						
Imports for consump.:	1,948	1,166	7,144	6,403	11,113	11,000
General :	1,857	1,157	7,136	5,793	10,982	11,000

1/ Forecast

2/ Includes the categories, "Tobacco manufactured or not manufactured, not specially provided for."

CBI countries are: Antigua and Barbuda, Bahamas, Barbados, Belize, British Virgin Islands, Costa Rica, Dominica, Dominican Republic, El Salvador, Grenada, Guatemala, Haiti, Honduras, Jamaica, Montserrat, Netherlands Antilles, Panama, St. Christopher-Nevis, St. Lucia, St. Vincent & Grenadines, Trinidad & Tobago.

July 1986 FAS, USDA

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U.S. EXPORTS OF UNMANUFACTURED
TOBACCO BY QUANTITY AND VALUE
(IN METRIC TONS AND 1,000 DOLLARS)

TYPE TOBACCO	JAN-MAY				MAY			
	QUANTITY		VALUE		QUANTITY		VALUE	
	1985	1986 1/	1985	1986 1/	1985	1986 1/	1985	1986 1/
FLUE-CURED								
UNSTEMMED	7,517	7,127	42,838	38,067	552	1,766	3,243	9,609
STEMMED	38,004	22,927	250,965	152,117	3,664	3,751	25,827	24,852
TOTAL FLUE-CURED	45,521	30,054	293,802	190,184	4,217	5,517	29,071	34,461
BURLEY								
UNSTEMMED	3,839	4,169	21,391	21,309	55	785	327	4,003
STEMMED	27,977	28,141	213,858	187,207	1,599	3,625	10,976	23,032
TOTAL BURLEY	31,816	32,310	235,249	208,516	1,654	4,410	11,302	27,034
DARK FIRE KENTUCKY & TENN	2,056	3,061	10,474	14,133	165	358	807	1,621
VIRGINIA FIRE & SUN	401	239	2,295	1,314	80	2	481	5
MARYLAND	411	689	2,631	4,516	0	229	0	1,339
GREEN RIVER	0	2	0	10	0	0	0	0
ONE SUCKER	0	36	0	100	0	12	0	40
BLACK FAT	435	672	3,062	4,499	70	110	402	759
CIGAR LEAF								
CIGAR WRAPPER	496	620	12,862	18,120	26	152	580	4,382
CIGAR BINDER	60	7	427	31	0	2	0	6
CIGAR FILLER	34	32	194	102	7	0	56	0
TOTAL CIGAR LEAF	591	659	13,484	18,253	33	154	636	4,388
PERIQUE	42	15	759	127	0	0	0	0
OTHER LEAF TOBACCO	969	1,624	8,523	12,058	375	196	3,141	886
STEMS, TRIMMINGS, & SCRAP	9,921	12,395	26,146	37,179	948	2,108	1,487	8,463
TOTAL UNMANUFACTURED	92,163	81,757	596,426	490,889	7,541	13,096	47,328	78,998

NOTE: TOTALS MAY NOT ADD DUE TO ROUNDING.
1/ PRELIMINARY.
JULY 1986

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U.S. EXPORTS OF UNMANUFACTURED TOBACCO BY COUNTRY OF DESTINATION
(IN METRIC TONS AND 1,000 DOLLARS)

COUNTRY	JAN-MAY				MAY			
	QUANTITY		VALUE		QUANTITY		VALUE	
	1985	1986 1/	1985	1986 1/	1985	1986 1/	1985	1986 1/
EUROPEAN COMMUNITY (EC)								
BELGIUM-LUXEMBOURG	1,557	1,893	9,279	12,537	381	512	2,353	3,326
DENMARK	3,729	2,689	23,733	17,370	555	378	3,643	2,840
FRANCE	1,852	2,275	10,596	14,549	102	203	348	1,663
GERMANY, FED. REP. OF	13,980	15,198	96,027	88,928	627	3,530	4,086	18,274
GREECE	60	218	433	998	0	142	0	504
IRELAND	1,931	1,361	11,324	5,557	221	63	1,486	19
ITALY	9,581	6,886	56,571	34,805	0	648	0	3,250
NETHERLANDS	2,331	6,313	15,448	36,441	239	1,530	1,325	9,178
PORTUGAL	46	15	205	129	0	0	0	0
SPAIN	8,528	2,765	60,844	22,170	922	551	6,017	4,718
UNITED KINGDOM	4,109	3,935	21,286	20,347	245	0	1,505	0
TOTAL EC-12	47,705	43,550	305,747	253,829	3,292	7,556	20,763	43,772
OTHER MAJOR MARKETS								
JAPAN	10,677	11,540	83,425	72,162	171	50	103	237
THAILAND	8,079	5,899	47,591	30,583	180	0	1,157	0
SWITZERLAND	6,792	1,989	40,049	11,975	1,312	860	6,507	5,268
EGYPT	586	311	3,024	2,011	0	0	0	0
TAIWAN	1,721	1,389	8,748	8,821	0	1,245	0	7,851
PHILIPPINES	1,924	1,213	14,849	10,330	452	0	3,885	0
INDONESIA	343	652	2,086	3,519	25	551	188	3,057
AUSTRALIA	1,817	2,732	12,028	16,299	4	337	2	2,271
MALAYSIA	1,612	1,336	12,973	9,807	432	231	3,344	1,478
SWEDEN	1,927	1,359	3,866	1,220	0	104	0	99
FINLAND	819	688	5,913	4,104	75	140	572	585
CANADA	702	192	2,654	900	38	159	267	695
CHILE	0	1	0	17	0	0	0	0
HONG KONG	1,664	1,894	10,186	11,197	484	563	2,960	3,294
DOMINICAN REPUBLIC	841	740	12,351	18,311	35	183	885	4,546
NEW ZEALAND	359	608	2,290	3,885	54	60	417	272
ALGERIA	0	200	0	1,375	0	0	0	0
NORWAY	722	559	4,009	3,115	173	144	884	820
AUSTRIA	197	612	815	4,096	1	30	10	192
BULGARIA	196	0	998	0	0	0	0	0
POLAND	405	383	1,500	1,552	0	0	0	0
KOREA, REPUBLIC OF	0	210	0	1,322	0	0	0	0
SINGAPORE	180	142	1,128	921	0	47	0	248
ECUADOR	44	39	277	178	1	15	5	78
TOTAL	41,608	34,688	270,761	217,623	3,437	4,718	21,185	30,990
REST OF WORLD	2,850	3,520	19,917	19,437	813	821	5,379	4,236
WORLD TOTAL	92,163	81,757	596,426	490,889	7,541	13,096	47,328	78,998

U.S. EXPORTS OF FLUE-CURED
TOBACCO BY COUNTRY OF DESTINATION
(IN METRIC TONS AND 1,000 DOLLARS)

COUNTRY	JAN-MAY				MAY			
	QUANTITY		VALUE		QUANTITY		VALUE	
	1985	1986 1/	1985	1986 1/	1985	1986 1/	1985	1986 1/
EUROPEAN COMMUNITY (EC)								
BELGIUM-LUXEMBOURG	980	539	6,036	4,301	98	43	632	407
DENMARK	2,090	1,506	15,586	11,420	328	378	2,407	2,840
FRANCE	122	164	198	1,373	68	0	188	0
GERMANY, FED. REP. OF	6,202	6,639	40,535	41,432	467	1,604	2,997	9,622
GREECE	0	142	0	702	0	114	0	491
IRELAND	1,660	843	11,223	4,648	221	22	1,486	12
ITALY	5,183	3,383	31,812	17,365	0	0	0	0
NETHERLANDS	1,205	1,197	8,270	7,725	162	606	989	3,897
PORTUGAL	23	15	1	129	0	0	0	0
SPAIN	6,934	274	47,677	2,005	875	0	5,689	0
UNITED KINGDOM	2,957	3,094	18,841	19,793	245	0	1,505	0
TOTAL EC-12	27,355	17,796	180,178	110,894	2,464	2,766	15,893	17,270
OTHER MAJOR MARKETS								
JAPAN	114	0	65	0	0	0	0	0
TAIWAN	1,651	1,389	8,714	8,821	0	1,245	0	7,851
THAILAND	5,091	2,484	27,391	12,742	0	0	0	0
EGYPT	290	0	1,206	0	0	0	0	0
SWITZERLAND	1,776	108	9,835	679	150	40	1,053	284
MALAYSIA	1,292	863	10,838	6,723	360	130	2,887	955
PHILIPPINES	1,349	591	7,620	4,836	294	0	2,474	0
AUSTRALIA	1,462	2,095	10,880	15,098	4	337	2	2,271
FINLAND	698	257	5,341	1,991	63	70	557	432
SWEDEN	547	0	2,673	0	0	0	0	0
ALGERIA	0	200	0	1,375	0	0	0	0
INDONESIA	257	100	1,945	705	25	51	188	335
CANADA	308	90	1,941	589	34	90	226	589
NEW ZEALAND	283	449	2,210	3,638	53	37	409	238
HONG KONG	1,054	1,455	6,661	8,804	304	358	2,247	2,134
NORWAY	307	303	1,655	1,738	90	141	391	802
KOREA, REPUBLIC OF	0	209	0	1,318	0	0	0	0
AUSTRIA	119	612	768	4,096	0	30	0	192
BULGARIA	178	0	972	0	0	0	0	0
TOTAL	16,477	11,207	100,714	73,146	1,376	2,529	10,434	16,083
REST OF WORLD	1,688	1,051	12,910	6,144	377	222	2,745	1,109
WORLD TOTAL	45,521	30,054	293,802	190,184	4,217	5,517	29,071	34,461

NOTE: TOTALS MAY NOT ADD DUE TO ROUNDING.
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U.S. EXPORTS OF BURLEY TOBACCO BY COUNTRY OF DESTINATION (IN METRIC TONS AND 1,000 DOLLARS)

COUNTRY	JAN-MAY				MAY			
	QUANTITY		VALUE		QUANTITY		VALUE	
	1985	1986 1/	1985	1986 1/	1985	1986 1/	1985	1986 1/
EUROPEAN COMMUNITY (EC)								
BELGIUM-LUXEMBOURG	180	1,032	1,249	6,955	118	384	796	2,527
DENMARK	902	649	7,657	5,494	142	0	1,195	0
FRANCE	455	431	3,564	2,993	0	108	0	749
GERMANY, FED. REP. OF	6,965	6,332	51,846	41,494	145	1,148	988	7,293
ITALY	3,997	3,502	22,442	17,440	0	648	0	3,250
NETHERLANDS	125	2,642	1,048	17,323	0	612	0	3,951
SPAIN	0	0	0	1	0	0	0	0
UNITED KINGDOM	220	26	1,766	203	0	0	0	0
TOTAL EC-12	12,842	14,615	89,574	91,902	405	2,900	2,979	17,771
OTHER MAJOR MARKETS								
JAPAN	10,220	10,094	83,160	71,720	171	50	103	237
SWITZERLAND	3,594	1,418	26,870	9,420	664	678	5,067	4,477
THAILAND	2,985	3,415	20,169	17,841	180	0	1,157	0
INDONESIA	9	502	71	2,736	0	500	0	2,722
PHILIPPINES	775	621	6,581	5,495	158	0	1,411	0
EGYPT	209	0	1,018	0	0	0	0	0
HONG KONG	322	350	2,467	2,226	29	155	127	1,029
AUSTRALIA	110	141	881	1,032	0	0	0	0
LEBANON	0	375	0	1,746	0	0	0	0
FINLAND	59	75	524	592	0	13	0	90
CANADA	27	7	185	48	0	3	0	18
TOTAL	18,310	16,998	141,928	112,857	1,202	1,398	7,864	8,574
REST OF WORLD	664	697	3,748	3,757	47	113	459	690
WORLD TOTAL	31,816	32,310	235,249	208,516	1,654	4,410	11,302	27,034

NOTE: TOTALS MAY NOT ADD DUE TO ROUNDING.
1/ PRELIMINARY.
JULY 1986

U.S. EXPORTS OF MANUFACTURED
TOBACCO BY QUANTITY AND VALUE
(IN MILLION PIECES, METRIC TONS, & 1,000 DOLLARS)

TYPE PRODUCT	JAN-MAY				MAY			
	QUANTITY		VALUE		QUANTITY		VALUE	
	1985	1986 1/	1985	1986 1/	1985	1986 1/	1985	1986 1/
CIGARETTES (PCS)	22,992	24,028	462,077	487,106	3,575	5,228	68,362	104,499
CIGARS, UNDER 3 LBS/1000 (PCS)	27	6	457	112	0	2	4	42
CIGARS, 3 OR MORE LBS/1000 (PCS)	25	27	2,091	1,855	5	4	470	319
CHEWING AND SNUFF (MT)	226	232	1,265	1,322	41	39	218	217
SMOKING TOBACCO IN PACKAGE (MT)	97	153	911	1,266	21	47	199	402
SMOKING TOBACCO IN BULK (MT)	2,668	9,673	21,190	69,106	1,150	2,320	8,933	16,290
SMOKING TOBACCO, NEC (MT)	4,828	11,848	12,749	28,185	2,532	2,465	5,758	5,678
TOTAL MANUFACTURED			500,739	588,953			83,943	127,447

NOTE: TOTALS MAY NOT ADD DUE TO ROUNDING.
1/ PRELIMINARY.
JULY 1986

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U.S. EXPORTS OF CIGARETTES
BY COUNTRY OF DESTINATION
(IN MILLION PIECES AND 1,000 DOLLARS)

COUNTRY	JAN-MAY				MAY			
	QUANTITY		VALUE		QUANTITY		VALUE	
	1985	1986 1/	1985	1986 1/	1985	1986 1/	1985	1986 1/
EUROPEAN COMMUNITY (EC)								
BELGIUM-LUXEMBOURG	3,373	5,946	72,778	132,272	454	1,106	9,639	24,881
DENMARK	10	5	212	104	0	4	0	93
FRANCE	16	0	329	8	0	0	0	0
GERMANY, FED. REP. OF	381	371	7,888	8,084	26	4	330	99
GREECE	8	4	167	88	3	0	66	0
ITALY	2	0	44	3	0	0	0	0
NETHERLANDS	299	436	6,583	7,869	48	48	1,060	54
PORTUGAL	2	4	39	87	0	0	0	0
SPAIN	323	306	6,430	6,327	44	13	871	287
UNITED KINGDOM	369	0	7,301	0	0	0	4	0
TOTAL EC-12	4,782	7,071	101,770	154,842	576	1,176	11,971	25,414
OTHER MAJOR MARKETS								
HONG KONG	3,378	3,437	68,128	72,837	424	960	7,905	20,432
SAUDI ARABIA	3,275	2,479	73,982	57,313	490	770	11,140	17,743
JAPAN	2,450	3,060	36,596	43,903	695	719	9,632	9,555
NETHERLANDS ANTILLES	462	355	9,909	5,610	76	100	1,571	1,541
LEBANON	977	524	20,820	11,181	1	72	10	1,599
PANAMA	551	709	11,300	14,634	79	97	1,632	1,988
SINGAPORE	1,315	1,120	25,731	22,546	252	273	4,824	5,519
EGYPT	555	69	11,989	1,534	128	1	2,766	19
MALAYSIA	49	121	867	2,369	8	29	144	578
COLOMBIA	13	23	273	425	2	6	34	117
KUWAIT	662	488	14,797	11,203	17	16	337	348
LIBYA	36	0	703	0	36	0	702	0
MOROCCO	390	458	7,041	9,186	64	83	1,248	1,663
CHILE	30	43	633	915	0	9	3	202
CANADA	274	270	4,575	5,078	39	46	761	998
CYPRUS	91	230	1,672	4,051	29	93	641	1,178
SOUTH AFRICA	276	165	5,578	3,533	47	57	977	1,258
ISRAEL	98	115	1,861	2,323	32	17	616	341
PARAGUAY	131	133	2,637	2,510	0	61	0	1,137
UNITED ARAB EMIRATES	1,285	915	22,603	16,323	220	235	3,958	4,319
AUSTRALIA	179	115	3,535	2,379	49	28	991	590
SWITZERLAND	50	247	1,103	5,002	0	1	0	28
ICELAND	67	107	1,280	2,104	12	7	212	143
TOTAL	16,595	15,183	327,614	296,960	2,700	3,680	50,105	71,293
REST OF WORLD	1,614	1,774	32,693	35,305	300	373	6,285	7,792
WORLD TOTAL	22,992	24,028	462,077	487,106	3,575	5,228	68,362	104,499

NOTE: TOTALS MAY NOT ADD DUE TO ROUNDING.
1/ PRELIMINARY.
JULY 1986

U.S. IMPORTS OF UNMANUFACTURED TOBACCO
FOR CONSUMPTION BY QUANTITY AND VALUE
(IN METRIC TONS AND 1,000 DOLLARS)

TYPE TOBACCO	JAN-MAY				MAY			
	QUANTITY		VALUE		QUANTITY		VALUE	
	1985	1986 1/	1985	1986 1/	1985	1986 1/	1985	1986 1/
CIGARETTE LEAF								
FLUE CURED, UNSTEMMED	1,410	7,949	2,672	16,925	72	2,120	183	4,330
BURLEY, UNSTEMMED	4,403	3,074	9,627	5,432	760	276	1,299	592
ORIENTAL, UNSTEMMED	33,995	31,850	121,111	113,237	6,127	6,640	21,895	23,784
OTHER CIGARETTE LEAF, UNSTEMMED	538	481	1,390	978	2	194	7	423
STEMMED CIGARETTE LEAF	20,030	0	64,926	0	4,750	0	16,068	0
FL CURED STEMMED CIGARETTE LEAF	0	11,364	0	37,353	0	3,436	0	9,492
STEMMED LEAF NSPF	0	16,465	0	55,498	0	2,658	0	8,751
TOTAL CIGARETTE LEAF	60,376	71,182	199,726	229,423	11,711	15,325	39,373	47,373
CIGAR LEAF								
WRAPPER, UNSTEMMED	415	425	4,097	4,535	147	48	1,626	377
WRAPPER, STEMMED	46	43	454	746	2	5	5	185
MIXED FILLER AND WRAPPER	104	0	264	0	0	0	0	0
FILLER, UNSTEMMED	1,225	1,100	2,306	2,361	184	148	255	254
FILLER, STEMMED	1,131	549	4,450	2,792	295	130	896	759
TOTAL CIGAR LEAF	2,921	2,117	11,571	10,434	598	331	2,782	1,575
SCRAP								
CIGAR LEAF SCRAP	6,684	5,417	12,409	9,060	1,638	999	3,332	1,470
OTHER SCRAP	1,888	3,277	2,407	3,381	516	720	613	949
TOTAL SCRAP	8,573	8,694	14,817	12,441	2,153	1,719	3,946	2,419
TOBACCO MFG OR NOT MFG, NSPF	458	0	1,924	0	92	0	288	0
TOB X SMOKING FL CURED	0	140	0	537	0	0	0	14
TOB MFG NT MFG NSPF	0	354	0	1,900	0	95	0	453
STEMS	4,958	3,823	1,658	1,432	1,148	1,948	398	772
LEAF OF MIXED ORIGIN	1	2	8	97	0	0	1	0
TOTAL UNMANUFACTURED	77,286	86,311	229,705	256,263	15,700	19,419	46,788	52,606

NOTE: TOTALS MAY NOT ADD DUE TO ROUNDING.
1/ PRELIMINARY.
JULY 1986
TOBACCO, COTTON & SEEDS DIVISION,
USDA, WASHINGTON, DC 20250

FOREIGN AGRICULTURAL SERVICE

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US TOBACCO IMPORTS, QUANTITY AND VALUE, MAY AND JAN-MAY, 1985, 1986

COMMODITY	UNIT	JAN-MAY QUANTITY 1985 UNITS	JAN-MAY QUANTITY 1986 1/ UNITS	JAN-MAY VALUE 1985 1,000 DOL.	JAN-MAY VALUE 1986 1/ 1,000 DOL.	MAY QUANTITY 1985 UNITS	MAY QUANTITY 1986 1/ UNITS	MAY VALUE 1985 1,000 DOL.	MAY VALUE 1986 1/ 1,000 DOL.
MFGD PRODUCTS									
MANUFACTURED TOBACCO:									
CIGARETTES	MT	490	506	4,594	5,428	98	102	778	1,278
CIGARS & CHEROOTS	MT	35	21	709	757	17	7	262	253
MANUFACTURED OR NOT NEC	MT	869	641	7,396	7,097	277	129	2,199	1,404
TOTAL MANUFACTURED	MT	1,394	1,168	12,700	13,282	390	238	3,239	2,935

NOTE: TOTALS MAY NOT ADD BECAUSE OF ROUNDING.
PRELIMINARY.
SOURCE: BUREAU OF THE CENSUS.

JULY 1986

COMMODITY PROGRAMS, FAS, USDA

US TOBACCO IMPORTS, QUANTITY AND VALUE, MAY AND JAN-MAY, 1985, 1986

COMMODITY	UNIT:	JAN-MAY QUANTITY 1985	JAN-MAY QUANTITY 1986 1/	JAN-MAY VALUE 1985	JAN-MAY VALUE 1986 1/	MAY QUANTITY 1985	MAY QUANTITY 1986 1/	MAY VALUE 1985	MAY VALUE 1986 1/
		UNITS	UNITS	1,000 DOL.	1,000 DOL.	UNITS	UNITS	1,000 DOL.	1,000 DOL.
GENERAL IMPORTS									
UNMANUFACTURED TOBACCO:									
CIGARETTE LEAF									
FLUE-CURED	MT	5,759	10,432	12,911	22,876	3,173	2,736	7,271	5,880
BURLEY	MT	4,644	4,597	10,005	8,432	946	1,430	1,685	3,015
TOB ST NOT OVER 35%WR	MT	17,279	25,390	50,062	77,335	7,083	12,292	23,113	37,716
ORIENTAL	MT	41,781	50,347	142,545	181,039	7,942	5,159	30,694	18,636
OTHER CIGARETTE LEAF	MT	701	396	1,588	965	2	160	2	383
TOTAL CIGARETTE LEAF	MT	70,164	91,162	217,110	290,647	19,146	21,777	62,765	65,630
CIGAR LEAF									
WRAPPER	MT	411	353	3,757	3,913	82	73	744	703
MIXED FILLER & WRAPPER	MT	168	0	628	0	166	0	625	0
FILLER	MT	4,062	2,686	8,240	6,136	982	506	1,734	1,017
TOTAL CIGAR LEAF	MT	4,641	3,039	12,624	10,049	1,230	579	3,103	1,720
SCRAP									
CIGAR LEAF SCRAP	MT	5,957	4,600	9,846	7,249	1,163	1,163	2,157	2,647
OTHER SCRAP	MT	1,985	2,409	2,272	3,516	727	514	763	872
TOTAL SCRAP	MT	7,942	7,009	12,118	10,766	1,890	1,677	2,920	3,519
STEMS	MT	4,853	3,956	1,623	1,752	1,141	2,122	397	1,106
UNMANUFACTURED	MT	331	0	1,513	0	44	0	282	0
TOB XSMOKING FL CURED	MT	0	297	0	802	0	157	0	274
TOB MFG NT MFG NSPF	MT	0	348	0	1,892	0	92	0	450
TOTAL UNMANUFACTURED	MT	87,923	105,776	244,987	315,897	23,431	28,388	69,467	72,692

NOTE: TOTALS MAY NOT ADD BECAUSE OF ROUNDING.
1/ PRELIMINARY.
SOURCE: BUREAU OF THE CENSUS.

JULY 1986

COMMODITY PROGRAMS, FAS, USDA

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SPECIAL REPORT: WORLD CIGARETTE PRODUCTION AND TRADE

SUMMARY

World cigarette production in 1985 was 4,873 billion pieces, an increase of 3.7 percent over the 1984 level. This comes after the 1984 increase of 3.2 percent, and two years of stable world production. China, which accounts for 24 percent of total world cigarette output, was the major reason for the substantial gain in cigarette production. Chinese cigarette output increased 10.7 percent to 1,180 billion pieces. Excluding China, world cigarette production increased about 1 1/2 percent. This increase is the result of increases in production in the middle income developing countries, small production gains in some high income countries, and stagnant production in other high income countries. Production increased in some middle income countries, including Brazil, Indonesia, Mexico, and the Philippines. Among developed economies, production increased in Canada, Hong Kong, France, the Federal Republic of Germany, Netherlands, and Austria. Production was stable or declining in Australia, Italy, Japan, South Africa, Sweden, Switzerland, and the United States. Stagnation in cigarette output also occurred in Central America and the Caribbean.

Cigarette production increased in most Asian countries. South American and African production rose 7.0 percent and 1.7 percent, respectively. Increased cigarette production in many developing countries resulted from large population growth, increased urbanization, real income increases, and higher consumption of factory-produced cigarettes. Of the major cigarette producers, the United States, the United Kingdom, Italy, Japan, and India recorded declines in cigarette output; China, the Soviet Union, the Federal Republic of Germany, France, Brazil, Bulgaria, and Poland increased cigarette production.

Smokers in many countries continue the trend toward American blend cigarettes and away from dark cigarettes. Countries where American blend cigarettes are gaining popularity include Spain, France, Yugoslavia, and Colombia. This trend is also showing strength in West Africa. Many of these light cigarettes are foreign brands produced within a country under licenses. Also, there has been an increase in "roll-your-own" cigarettes in countries such as the Netherlands, Belgium, and Ireland, as a result of high prices for manufactured cigarettes caused by increasing taxes.

World cigarette exports in 1985 were 328.7 billion pieces, up slightly from the 1984 level. Exports from the United States continued to climb, rising 4 percent. Bulgarian cigarette export fell 4 percent to 58.4 billion pieces. West German cigarette shipments increased 1.6 percent, while cigarette exports from the United Kingdom dropped 14 percent.

North America

North American cigarette production in 1985 increased slightly compared to 1984. In the United States, cigarette production decreased, while increases occurred in Canada and Mexico. In most Central American countries, cigarette production decreased in 1985.

United States - Cigarette production in the United States in 1985 was 665.3 billion pieces, slightly below the 1984 total. Output decreased slightly

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because of higher prices, increased taxes, anti-smoking activities, and restrictions on where people can smoke. Americans smoked 594 billion cigarettes last year, down 1 percent from 1984, and down 7 percent from 1981.

Cigarette prices rose more rapidly than in 1984, and some consumers continued to switch to generic cigarettes that are up to 35 percent cheaper than standard brands. While domestic use declined somewhat, U.S. cigarette exports increased 4 percent to 58.9 billion pieces. In 1986, total domestic consumption is expected to decline slightly as some states raise taxes and smoking restrictions increase. Last year, per capita use by persons at age 18 and over fell to 3,378 cigarettes, down from 3,461 in 1984. In 1986, per capita consumption is expected to continue to fall.

Canada - Canadian cigarette production increased slightly in 1985, in spite of the continuing controversy of health-related issues, general price increases, and anti-smoking campaigns. Consumption declined from 61.7 billion pieces in 1984 to 59.0 in 1985. Higher provincial taxes will continue this trend. Cigarette production for 1986 is expected to decline from the 1985 level.

Mexico - Cigarette production in 1985 was 54.4 billion pieces, a 12 percent increase from 1984, the result of higher leaf production and increased productivity. Unlike the recent past, the cigarette industry has not faced the significant supply problems. Production in 1986 is forecast to increase slightly to meet higher demand. Processors report that modernization of their plant and equipment is continuing. Demand for lower priced non-filter cigarettes has increased, stimulating larger non-filter production, due to the continuiung depressed economic situation.

South America

Cigarette production in South American countries rose seven percent in 1985. Brazilian cigarette production jumped 14.4 percent, offsetting slight reductions in several countries.

Brazil - Cigarette production in 1985 grew 14 percent to 146.3 billion pieces. Currently, cigarettes are manufactured and marketed by three large companies and several smaller companies. The three large companies account for about 97 percent of total domestic consumption with the largest enjoying a 79 percent share of the market. Cigarette consumption in Brazil dropped steadily during the 4 years 1981 to 1984, mainly due to sharp cigarette price increases and a slump in the economy during that period. However, this trend changed during the last quarter of 1984 and in 1985 due to increased disposable consumer income which pushed 1985 cigarette consumption up 14.4 percent over consumption in 1984.

Colombia - Cigarette production in 1985 totaled 24.1 billion pieces, an increase of less than 1 percent over production in 1984. Although total production has risen only marginally, the filter/nonfilter cigarette ratio continues to change in favor of filter production. In 1985, filter cigarette production was 68 percent of total production; in 1984 filter cigarette production was 65 percent. Also, changing consumer preference toward light-leaf tobacco cigarettes over dark leaf cigarettes continues to increase. A current nationalistic campaign to stop cigarette imports, usually light

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American-type cigarettes, has accelerated the move to produce this cigarette type domestically.

European Community

Cigarette production in the European Community Ten (EC-10) increased 1.8 percent in 1985. The United Kingdom's cigarette production declined 5 percent as the government continues to increase the tax on cigarettes. Except for Italy's decline of 2 percent, all other members showed increases in production. Dutch production increased 12.5 percent, French production increased 10.9 percent and German cigarette production rose 2.2 percent in 1985. With the addition of Portugal and Spain to the EC in 1986, total EC-12 cigarette production is nearly the same as in the United States.

Belgium Luxembourg- Cigarette production rose 2.5 percent in 1985, although domestic consumption fell 6 percent. This significant decline is attributed to reduced "border sales", mostly to the Federal Republic of Germany, and smaller domestic consumption due to higher retail prices and reduced net disposable income. More Belgian cigarette smokers have shifted to "roll-your-own" cigarettes. Other smokers, mainly above the age of 45, have reduced their smoking or given up entirely. Manufactured cigarettes cost over double the price of "roll-your-own" cigarettes.

France- Seita's cigarette production amounted to 67.4 billion pieces in 1985, an increase of 10.9 percent compared to 1984. This is the first increase since production peaked at 80.8 billion pieces in 1978. Filter production exceeded nonfilter production by a narrow margin. Production is expected to increase in 1986 as well. The main reason for the turnaround is the 35 percent increase in American-type cigarettes, which have been entering the country at an accelerating rate.

Apparent French cigarette consumption rose 5.5 percent to 96.2 billion in 1985. The French consumer's shift to blond cigarette consumption at the expense of dark cigarettes continued in 1985. As a result, for the first time, 51.4 percent of cigarettes sold in France were the American-type. Consumption per capita has remained stable in France, most likely as a result of modest price increases.

Greece- Cigarette production in 1985 was around 28 billion pieces, a slight increase from 1984. Consumption of cigarettes produced in Greece also rose, despite a relatively stagnant population growth rate. Although Greek cigarette prices were raised 10 percent, producers claim margins have been reduced to dangerously slim levels because of increased costs of production. The outlook for the Greek cigarette industry is fairly positive for the next few years, however.

Ireland- Cigarette production in 1985 increased 6 percent to 7.7 billion pieces, mostly a result of increased exports. The steady reduction in cigarette consumption is the result of increasing government sponsored health campaigns and advertising restrictions. Sales of "roll-your-own" continue to rise. Home consumption of cigarettes is declining between 2.5 and 5 percent per year, and is anticipated to continue declining in the near future.

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Italy- Cigarette production in 1985 dropped 2 percent, following a 4 percent decline in 1984. Domestic brand output was 68,788 tons, down 4 percent from 1984. Foreign brands produced in Italy under license, on the other hand, increased 6 percent to 9,587 tons. Decreasing popularity of domestic brands, after a few years of recovery, is the major reason for the production drop. Italian cigarette imports in 1985 increased 33 percent over the 1984 level. The Federal Republic of Germany accounted for 59 percent, 35 percent were from the Netherlands, and only 3 percent from Switzerland. Most of these imports are American brands manufactured in Europe under license.

Netherlands- Dutch cigarette production increased 12.5 percent in 1985 to 50.8 billion pieces. Both apparent consumption and exports increased. Actual consumption in 1985, however, decreased by 7 percent. While prices have not increased recently, consumption is not expected to increase. Since 1980, per capita consumption of cigarettes plunged from 1,575 to 1,076 pieces in 1985. A 38-percent rise in cigarette prices and the health issue are the reasons for this development. Also, smokers are shifting toward more "roll-your-own" cigarettes. Since May 15, 1980, the Dutch tobacco industry has voluntarily restricted the advertising and the promotion of tobacco products. This "advertising code" has been developed by the industry in the hope that the government will abandon legislation which might be more restrictive.

Federal Republic of Germany- Cigarette production in 1985 was 165.6 billion pieces, an increase of 2.2 percent from 1984. The confusion on the German cigarette market caused by the steep tax increase in 1983 has disappeared. Price is no longer being used as an agressive marketing instrument as in 1984. Average per capita consumption inreased in 1985 by 2 percent to 1,985 pieces.

Traditional cigarette brands are regaining market shares, which had been lost to generics. The market share of generics dropped from 5 percent to 3 percent during the corresponding period, which may be a result of the price adjustment in mid-1984 and strong brand loyalty. Most cigarettes intended for domestic consumption are produced in new facilities located in Berlin. These facilities receive special tax advantages in order to support Berlin. Cigarettes made for export are exclusively manufactured in the traditional production plants. German exports were on an upswing in 1985, reaching 47.7 billion pieces. Major customers are EC countries. Shipments to the United Kingdom went from 5 billion in 1984 to 8.6 billion in 1985 and are primarily low-price brands.

United Kingdom- Cigarette production in 1985 was 124.0 billion pieces, a decline of 5 percent from 1984. Cigarette consumption declined 1.8 percent in 1985, and is expected to fall again in 1986. Reasons for the decline include growing health concerns and increased cigarette taxes. The 1986 government budget included an 11-percent rise in taxes for a pack of 20 cigarettes and manufacturers are expected to increase prices as well to cover rising costs. The manufacturer's recommended retail price of a pack of 20 is now about L 1.45-1.50 (US$ 2.15--2.25). Consumption is expected to fall another 2 percent in 1986. Active campaigns by public interest groups and local governments to curtail smoking in public places will further reduce cigarette consumption.

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Other Western Europe

Cigarette production in other Western European countries (including Spain and Portugal, which entered the European Community on January 1, 1986) for 1985 remained nearly the same, mainly as result of increases in production in Spain and Austria. Other countries showed a decline or no increase.

Spain- Cigarette production in 1985 was 77.3 billion pieces, up 3 percent from 1984. Smokers continue to switch from dark cigarette to American-blend cigarettes. Although prices of American-blend cigarettes are still high relative to dark cigarettes, consumption of blond cigarettes continues to expand. American-blend cigarettes, mostly domestically made, currently represent over 45 percent of total consumption, compared with 36 percent five years ago.

Spain is the fourth largest cigarette producer among members of the European Community, after the Federal Republic of Germany, the United Kingdom, and Italy. In line with the policy of tax harmonization within the EC, the Spanish government increased the prices of various domestically produced tobacco products. Dark cigarettes went up in price by 13 to 15 percent, while American-blend cigarettes went up only 8.8 percent on average. Cigarette imports, which declined in 1985, are expected to continue to do so in 1986. Over the longer term, however, cigarette imports from other EC member states may increase.

Switzerland- Cigarette production in 1985 was 23.2 billion pieces, a 9 percent decline from 1984. Domestic cigarette production has been slowing over the past years. This is a result of marketing difficulties in cigarettes for export, and a change in strategy of the large multinational cigarette companies. Domestic consumption of cigarettes is stable. Prices were increased 8.3 percent in 1985, but no price increase is anticipated for 1986. There has been a trend toward light cigarettes. American blend cigarettes market share in 1985 was 60 percent, the same as in 1984.

Eastern Europe

Cigarette production in Eastern Europe increased 5 percent in 1985 from the previous year. With the exception of Albania and Hungary, all countries within the region increased their cigarette production in 1985.

Yugoslavia - Production of cigarettes in 1985 totaled 63 billion pieces, up 13 percent from production in 1984 of 56 billion pieces. The increased 1985 production was solely the result of countertrade agreements with Greece and Poland. During 1985, cigarette exports are estimated to have totaled 10 billion pieces, up 287 percent from the 1984 level. Because production capacity exceeds demand, it is expected that Yugoslavia will continue to seek countertrade opportunities in 1986. Annual per capita consumption of cigarettes fell to 2,405 pieces in 1984, a decline of 6 percent from the 1983 level.

Soviet Union - Cigarette production in 1985 totaled 380 billion pieces, a slight drop from the level in 1984 of 374 billion pieces. High domestic leaf production, continued large cigarette imports, a reduction in tobacco storage

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damages and gains in processing capacity provide the basis for continued growth in the Soviet Union's cigarettes. In 1985, filter cigarette production increased marginally to 25.6 percent of total cigarette production. Because of the reduced availability of hard currency due to low oil prices, cigarette imports from the United States and the Federal Republic of Germany continue to decline. In 1984, U.S. cigarettes imports fell 38 percent to 70 million pieces. Bulgaria continues to monopolize most of the Soviet Union's cigarette import needs, accounting for more than 75 percent of Soviet imports in 1984. This situation is expected to continue, at the expense of countries which do not trade on a clearing-account basis.

Africa

African cigarette production in 1985 increased 1.7 percent. Egypt's production declined 2 percent, while South Africa's production remained nearly the same.

Egypt- Cigarette production in 1985 was 47 billion pieces, a decrease of 2 percent from 1984. The single manufacturing company, Eastern Tobacco Company is in a turnaround after years of heavy losses and subsidiies. A price increase in July 1985, followed by another in March 1986, has helped Eastern's profitability. Eastern has been undertaking a major renovation of its cigarette plants. Daily capacity has been increased by 20 percent. While a severe shortage of foreign exchange is limiting leaf imports, productive capacity is now more than adequate to meet strong local demand, and the regional export market for tobacco products appears promising. Production of several foreign brands on a fee basis will also help Eastern maintain its profitability. With the domestic production of these brands, cigarette imports have now been prohibited, except for some allowed through the free trade zone at Port Said.

South Africa- Cigarette production in 1985 was 28.7 billion pieces, about the same as in 1984. South African cigarette consumption is slowly declining, the result of a low level of economic activity. When economic conditions improve, an increase in consumption is expected. The effects of price increases, taxes, and anti-smoking campaigns are usually nullified by the high population growth.

Asia

Asian countries in 1985 recorded a 6.2 percent increase in cigarette production. As in 1984, the increase was primarily the result of increased production in China. Other significant production increases were seen in Hong Kong and the Philippines.

China - Cigarette production in 1985 grew 10.7 percent over 1984 to 1,180 billion pieces. This level of increase is somewhat greater than previous estimates and is similar to the annual growth rates of 1980 and 1981. For 1986, production is expected to rise between 7 and 8 percent from 1985. Production continues to be dominated by non-filter cigarettes which still constitutes about 88 percent of total production. Although the increase in filter cigarette production is relatively slow, the growing preference for blended cigarettes by young adults over the standard non-blended, British type cigarette will promote the increase in their (filter cigarette) production.

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It is estimated that approximately 340 million adults or 33 percent of the adult Chinese population smoke. According to a nationwide study, 61 percent of the adult male population and 7 percent of the adult female population smoke.

Hong Kong - Cigarette production in 1985 was 13.6 billion pieces, 37 percent above production in 1984 of 10 billion pieces. The increased production in 1985 was due to expansion of exports to China. Total exports in 1985 were 17.1 billion pieces, up 64 percent from 1984. Domestic consumption fell marginally in 1985 to 6.7 billion pieces. Imported cigarettes accounted for 57 percent of domestic consumption during 1985, while domestic production accounted for 43 percent.

India- Cigarette production in 1985 declined to 80.7 billion pieces from the 1984 level of 85 billion pieces produced in 1984. The 5 percent decline was mainly due to an increase in cigarette prices in the last quarter of 1985 as a result of an increase in excise duties. Filter-tipped cigarette production in 1985 rose to 56.5 percent of total production, up from the 1984 percentage of 45.7 percent. It is estimated that for every cigarette sold in India, nearly 7 "bidis" (native-type cigarettes) are sold. Due to the recent cigarette price increase which widens the price differential between cigarettes and bidis, no major switch to cigarettes from bidis is expected.

Indonesia- Cigarette production in 1985 was 106.7 billion pieces, up 6 percent from the 1984 production figure of 100.3 billion pieces. The increased 1985 production was due to greater availability of both flue-cured and dark air/sun-cured tobaccos. Kretek production continues to rise at the expense of white cigarettes. In 1985, 83.4 billion kreteks were produced, up 13 percent from the 1984 figure of 73.5 billion pieces. White cigarette production in 1985 totaled 23.3 billion pieces, a decrease of 13 percent from the 1984 production level of 26.9 billion pieces. The increased use of flue-cured tobacco in kretek blends, which produces a milder cigarette more preferred by consumers, is credited with increasing kretek production.

Japan- Cigarette production in 1985 totaled 303 billion pieces, down slightly from the 1984 figure of 306 billion pieces. The decline during 1985 is considered the result of stagnant domestic demand coupled with increased imports. Domestic production is not expected to increase since imports are projected to increase at an annual rate of about 15 percent over the next several years. In 1985, the share of imports in the cigarette market is estimated at 2.3 percent and is expected to approach 3 percent in 1986. The number of adult smokers in Japan continues to decline, primarily due to health concerns. The percentage of smokers among the adult female and male populations in 1985 was 13.7 percent and 64.6 percent, respectively. These figures are down from the 1984 percentages of 14 percent adult females smoking and 65.5 percent of male adults smoking.

Philippines- Cigarette production in 1985 was 62.3 million pieces, an increase of 6 percent from 1984. The share of filter cigarettes continued to drop to 87 percent in 1985, down from the 1984 level of 90 percent. Production in 1986 is projected to fall to 60 billion pieces due to a persistent oversupply situation since 1983.

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Thailand- Cigarette production in 1985 totaled 29.2 billion pieces, up slightly from production in 1984 of 29 billion pieces. Reduced consumer purchasing power is considered the primary factor in preventing production in 1985 from increasing further. During 1985, the Thailand Tobacco Monopoly expanded production capacity in four of its plants from 33 million daily to 50 million daily. Due to a smaller than anticipated increase in consumption, the construction of a new cigarette plant was indefinitely postponed. Another factor, unofficial imports, is preventing any need to expand cigarette production. With the exception of duty free purchases, and the diplomatic community imports, cigarette imports are banned. Despite the ban, unofficial imports of cigarettes account for an estimated 20-30 percent of the total market.

Turkey- Cigarette production during 1985 totaled 62.6 billion pieces, down about 1 percent from the 1984 level of 63.1 billion pieces. In late 1985, the first privately owned cigarette plant began production in Turkey. Prior to this all domestic cigarettes were produced by the Turkish Tobacco Monopoly. In May 1986, the Turkish Grand National Assembly passed legislation which abolishs the Monopoly and will permit private companys to produce cigarettes for the domestic market.

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List of Tables and Graphs

Page

Tables

1. Cigarettes: Filter-Tip Share of Total Output or Sales in Specified Countries, Annual 1980 - 1985.....25

2. Cigarettes: Estimated Output by Major Producers, Average 1976-80, Annual 1981 - 1985 (Millions of Pieces).....27

3. Cigarette Production in Specified Countries, Average 1976-80, Annual 1981 - 1985 (Millions of Pieces).....29

4. Cigarette Production: Trends in Specified Countries With Trend Line Estimates for 1986, 1987, and 1990 (In Billion Pieces).....33

5. Cigarettes: Shipments by Major Exporters, Average 1976-80, Annual 1981 - 1984 (Millions of Pieces).....35

6. Cigarette Exports in Selected Countries Average 1976-80, Annual 1981 - 1985 (Millions of Pieces).....36

7. Cigarette Imports in Selected Countries Average 1976-80, Annual 1981 - 1985 (Millions of Pieces).....40

8. Cigarettes: Imports of Selected Countries by Country of Origin, Annual 1981 - 1985 (Millions of Pieces).....44

9. Cigarettes: Exports of Selected Countries by Country of Destination, Annual 1981 - 1985 (Millions of Pieces).....45

Graphs

Cigarette Production: China, United States, USSR, and Japan, Average 1976-80, Annual 1981 - 1985.....28

World Cigarette Production, Actual 1975 - 1985, Trend 1975 - 1987.....34

Major Cigarette Exporters, Average 1976-80, Annual 1981-85.....39

Major Cigarette Importers, Average 1976-80, Annual 1981-85.....39

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TABLE 1: CIGARETTES: FILTER-TIP SHARE OF TOTAL OUTPUT OR SALES IN SPECIFIED COUNTRIES ANNUAL 1980-85 1/
(IN PERCENT)

Country	1980	1981	1982	1983	1984	1985
Algeria	90	90	90	90	90	89
Argentina	99	99	100	100	100	100
Australia	97	97	95	95	96	95
Austria	95	96	97	97	97	97
Barbados	90	90	90	50	50	51
Belgium-Luxembourg	82	83	84	85	86	87
Brazil	93	93	96	96	96	96
Bulgaria	90	90	90	94	96	96
Canada	95	95	95	96	96	96
Chile	85	85	97	98	98	98
China, Mainland	7	8	9	10	11	13
Colombia	52	58	59	60	65	68
Costa Rica	90	91	90	90	91	91
Czechoslovakia	70	90	90	85	86	87
Denmark	60	60	60	60	67	65
Dominican Republic	87	89	89	89	89	89
Ecuador	83	84	84	87	90	92
Egypt	99	100	100	100	100	100
El Salvador	99	99	99	97	97	98
Finland	96	97	98	98	98	98
France	49	47	47	47	50	51
Germany, Federal Repub.	88	89	92	93	93	94
Greece	91	92	93	92	92	93
Guatemala	97	98	99	93	94	94
Guyana	99	99	99	50	50	50
Honduras	96	96	90	90	90	90
Hong Kong	88	90	87	87	92	93
Hungary	78	78	79	80	87	91
India	26	30	29	42	46	56
Indonesia	35	35	51	49	47	49
Iran	45	45	45	45	45	54
Ireland	94	89	89	89	89	90
Israel	99	99	99	99	99	99
Italy	83	83	83	85	86	86
Japan	98	98	99	99	99	99
Kenya	85	85	80	80	80	80
Korea, Republic of	96	98	98	99	99	99
Lebanon	70	83	100	83	83	100
Malaysia	90	90	90	90	90	90
Mexico	80	83	84	81	80	82
Morocco	49	58	45	45	46	45
Netherlands	63	65	69	70	70	70
New Zealand	100	100	100	100	100	100
Nicaragua	99	99	100	100	96	96
Nigeria	55	64	67	71	76	75
Norway	85	91	91	70	75	87

Continued

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TABLE 1: CIGARETTES: FILTER-TIP SHARE OF TOTAL
OUTPUT OR SALES IN SPECIFIED COUNTRIES ANNUAL 1980-85 1/
(IN PERCENT)

Country	1980	1981	1982	1983	1984	1985
Pakistan	32	34	41	51	57	63
Panama	100	100	100	100	100	100
Paraguay	40	50	51	51	51	52
Peru	90	92	92	92	92	92
Philippines	90	93	92	93	88	87
Poland 2/	44	42	42	44	44	43
Portugal	86	84	85	86	86	87
Sierra Leone	45	38	38	50	38	40
Singapore	95	95	95	95	88	92
South Africa	100	85	85	85	85	85
Soviet Union 2/	30	30	30	30	30	30
Spain	85	90	92	96	96	97
Surinam	80	80	90	50	50	53
Sweden	90	90	91	92	92	93
Switzerland	97	97	97	97	97	97
Syria	98	99	100	100	100	100
Taiwan	98	99	99	99	99	99
Thailand	70	70	73	74	84	86
Trinidad and Tobago	99	99	99	99	99	100
Tunisia	99	99	86	88	90	90
Turkey	65	66	74	83	87	89
United Kingdom	92	94	94	95	96	96
United States	93	93	93	94	94	94
Uruguay	92	92	92	92	92	92
Venezuela	100	100	99	99	99	99
Yugoslavia	97	97	97	97	97	97
Zaire	35	35	85	50	35	36

1/ Estimates are included in the absence of reasonable data. 2/ Excludes Papyrosy.

JULY 1986 Tobacco, Cotton and Seeds Division, FAS

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TABLE 2
CIGARETTES: ESTIMATED OUTPUT BY MAJOR PRODUCER 1/
(MILLIONS OF PIECES)

COUNTRY	AVERAGE 1976-80	1981	1982	1983	1984	1985 2/
CHINA, MAINLAND	630,600	866,000	942,500	968,800	1,066,000	1,180,000
UNITED STATES	694,754	736,500	694,200	667,000	668,800	665,300
USSR 3/	371,740	364,000	359,300	368,700	374,000	380,000
EUROPEAN COMMUNITY 4/						
GERMANY, FED REP	149,590	167,816	148,166	155,942	162,055	165,587
UNITED KINGDOM	155,481	149,640	144,610	141,948	130,473	123,970
ITALY	72,452	72,248	80,550	83,672	80,435	78,674
SPAIN	67,420	93,500	68,220	63,600	75,100	77,270
FRANCE	79,485	62,454	62,510	62,147	60,729	67,376
NETHERLANDS	36,625	38,732	42,977	45,303	45,101	50,760
BELGIUM	25,609	26,921	28,710	28,042	27,650	28,363
GREECE	24,264	25,404	24,533	25,336	27,018	28,000
PORTUGAL	13,139	13,363	13,613	14,329	13,875	13,937
DENMARK	9,439	9,802	9,920	9,763	10,583	10,966
IRELAND	8,207	7,467	8,415	7,534	7,289	7,735
EC-10 TOTAL	561,153	560,484	550,391	555,067	551,333	561,431
EC-12 TOTAL	641,712	667,347	632,224	637,616	640,308	652,638
OTHER MAJOR PRODUCERS						
JAPAN	301,382	306,624	309,063	306,320	306,000	303,000
BRAZIL	132,540	135,000	132,300	129,200	127,800	146,300
INDONESIA	68,133	90,100	86,200	93,275	100,334	106,711
BULGARIA	77,400	76,000	75,000	75,200	88,000	92,200
POLAND	90,813	83,010	87,460	82,823	86,363	90,024
INDIA	72,856	86,800	94,000	80,447	85,028	80,680
KOREA, REP. OF	62,534	72,219	71,786	75,279	77,971	75,335
CANADA	64,364	68,611	68,143	63,949	61,634	63,486
YUGOSLAVIA	52,623	64,169	58,941	58,439	55,941	63,000
PHILIPPINES	53,465	61,843	70,025	57,812	58,562	62,334
TURKEY	53,399	56,469	63,868	61,477	62,086	61,701
MEXICO	49,220	52,500	52,400	49,242	48,490	54,400
EGYPT	27,624	35,000	37,000	44,000	48,000	47,000
REST OF WORLD	701,216	756,605	758,273	777,292	791,245	795,746
WORLD TOTAL	4,118,750	4,543,797	4,555,683	4,552,871	4,698,042	4,872,845

NOTE: TOTALS MAY NOT ADD DUE TO ROUNDING.
1/ ESTIMATES ARE INCLUDED IN THE ABSENCE OF REASONABLE DATA.
2/ PRELIMINARY.
3/ INCLUDES PAPYROSA.
4/ PORTUGAL AND SPAIN ENTERED THE EUROPEAN COMMUNITY ON JANUARY 1, 1986, AND ARE SHOWN HERE FOR COMPARISON PURPOSES.

JULY 1986, TOBACCO, COTTON & SEEDS DIVISION, FOREIGN AGRICULTURAL SERVICE, USDA

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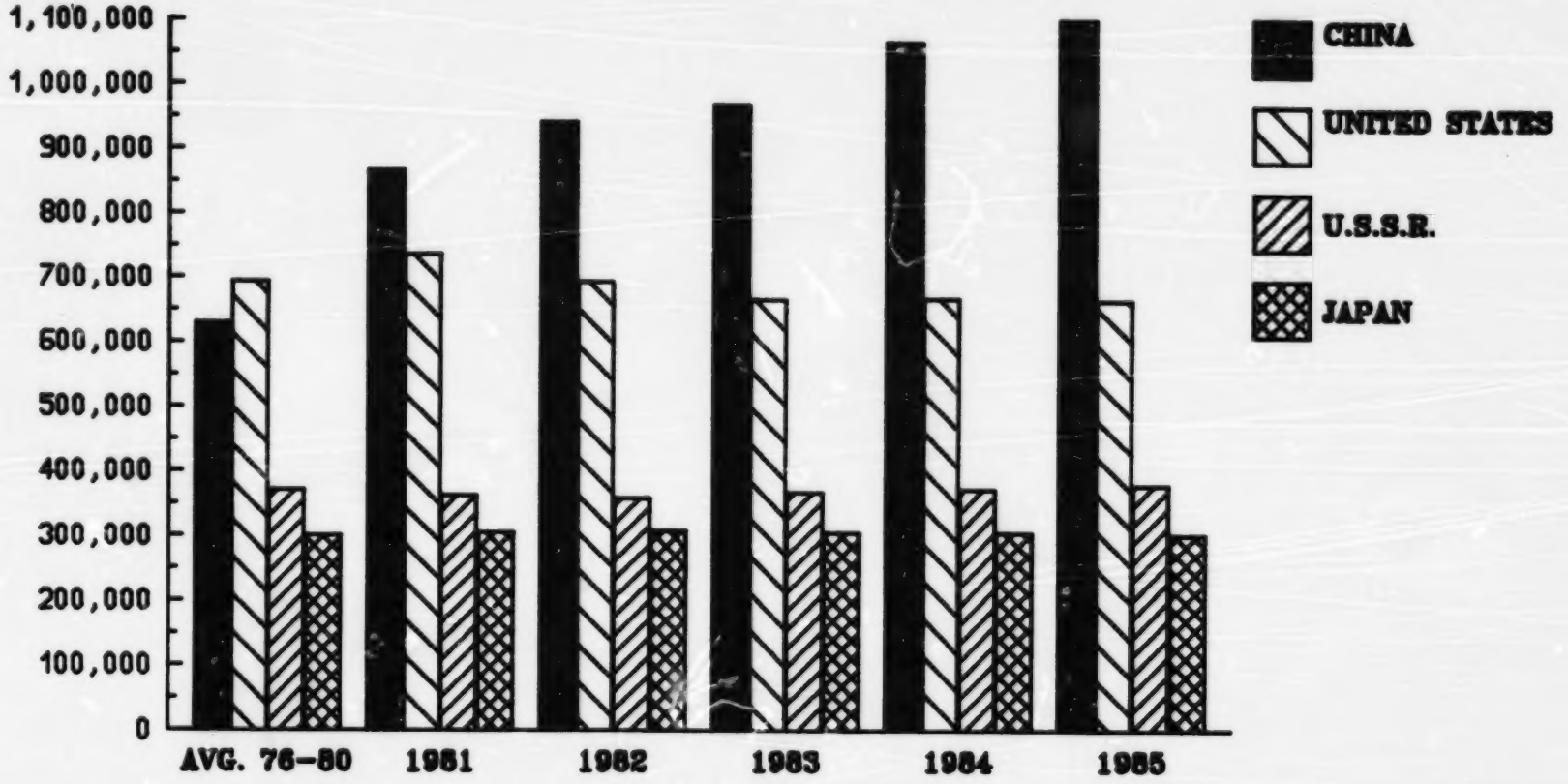
CIGARETTE PRODUCTION: CHINA, UNITED STATES, U.S.S.R., AND JAPAN: 1976 – 1985 (MILLIONS OF PIECES)



NOTE: 1985 PRELIMINARY.
U.S.S.R. FIGURES INCLUDE PAPYROSA.

TABLE 3
CIGARETTE PRODUCTION IN SELECTED COUNTRIES 1/
(MILLIONS OF PIECES)

REGION AND COUNTRY	AVERAGE 1976-80	1981	1982	1983	1984	1985 2/
NORTH AFRICA						
ALGERIA	12,830	16,000	17,000	17,500	18,000	18,500
EGYPT	27,624	35,000	37,000	44,000	48,000	47,000
LIBYA	3,180	3,300	3,400	3,500	3,500	3,500
MOROCCO	10,565	12,258	11,062	12,310	11,831	12,867
SUDAN	710	730	740	740	740	740
TUNISIA	5,322	4,640	6,020	6,290	4,780	5,980
REGIONAL TOTAL	60,231	71,928	75,222	84,340	86,851	88,587
SUBSAHARAN AFRICA						
ANGOLA	2,360	2,400	2,400	2,400	2,400	2,400
CAMEROON	1,795	2,500	2,750	2,950	3,000	3,400
CAPE VERDE ISL.	33	35	35	40	40	40
CONGO	844	900	900	926	926	950
ETHIOPIA	1,149	1,250	1,250	1,250	1,250	1,250
GHANA	2,360	1,300	1,300	1,300	1,300	1,400
GUINEA	71	70	70	70	70	75
IVORY COAST	3,274	3,700	3,800	3,800	3,840	4,000
KENYA	4,141	4,972	5,138	5,288	5,400	5,500
LIBERIA	90	18	20	20	20	20
MADAGASCAR	1,909	2,300	2,300	2,400	2,400	2,400
MALAWI	874	1,300	1,300	1,400	1,400	1,450
MAURITIUS	1,080	1,190	1,200	1,200	1,200	1,200
MOZAMBIQUE	3,160	3,300	3,400	3,400	3,400	3,450
NIGERIA	11,142	8,640	9,000	9,800	9,000	9,100
SENEGAL	2,290	2,400	2,800	2,900	3,180	3,200
SIERRA LEONE	1,477	1,487	1,500	1,500	1,500	1,500
SOUTH AFRICA	24,635	26,705	28,592	27,672	28,791	28,678
TANZANIA	4,069	4,000	3,800	3,800	4,000	4,050
UGANDA	1,910	2,000	2,000	2,000	2,000	2,050
ZAIRE	3,336	3,500	3,500	3,500	3,500	3,525
ZAMBIA	1,100	1,300	1,350	1,400	1,400	1,400
ZIMBABWE	3,814	3,750	3,050	2,400	2,269	2,318
REGIONAL TOTAL	76,913	79,017	81,455	81,416	82,286	83,356
NORTH AMERICA						
CANADA	64,364	68,611	68,143	63,949	61,634	63,486
MEXICO	49,220	52,500	52,400	49,242	48,490	54,400
UNITED STATES	694,754	736,500	694,200	667,000	668,800	665,300
REGIONAL TOTAL	808,338	857,611	814,743	780,191	778,924	783,186

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TABLE 3 (CONTINUED)
CIGARETTE PRODUCTION IN SELECTED COUNTRIES 1/
(MILLIONS OF PIECES)

REGION AND COUNTRY	AVERAGE 1976-80	1981	1982	1983	1984	1985 2/
SOUTH AMERICA						
ARGENTINA	37,378	35,204	32,455	34,576	38,926	37,500
BOLIVIA	1,382	1,155	1,155	1,200	1,200	1,200
BRAZIL	132,540	135,000	132,300	129,200	127,800	146,300
CHILE	9,738	10,700	7,800	7,900	8,220	8,250
COLOMBIA	19,433	19,800	20,100	22,525	23,840	24,050
ECUADOR	3,976	4,270	4,766	4,980	5,000	4,800
GUYANA	563	590	590	600	600	600
PARAGUAY	745	756	1,800	1,950	1,950	2,100
PERU	3,694	3,968	4,007	4,000	4,000	4,110
SURINAM	357	365	365	365	365	380
URUGUAY	3,516	3,650	3,700	3,750	3,750	3,850
VENEZUELA	20,602	19,800	19,487	20,156	20,643	19,760
REGIONAL TOTAL	233,924	235,258	228,525	231,202	236,294	252,900
CENTRAL AMERICA						
COSTA RICA	2,326	2,320	1,976	2,000	2,200	2,200
EL SALVADOR	2,321	2,500	2,500	2,500	2,500	2,300
GUATEMALA	3,254	2,162	2,490	2,457	2,710	2,348
HONDURAS	2,136	2,160	2,281	2,300	2,300	2,340
NICARAGUA	1,899	2,117	2,200	2,400	2,400	2,400
PANAMA	1,060	1,200	1,100	1,100	1,100	1,125
REGIONAL TOTAL	12,996	12,459	12,547	12,757	13,210	12,713
CARIBBEAN						
BARBADOS	222	240	240	250	250	255
BELIZE	84	90	90	90	90	100
CUBA	26,800	29,000	29,000	30,000	30,000	30,000
DOMINICAN REP.	3,252	3,436	3,500	3,600	3,645	3,645
HAITI	873	1,125	900	925	940	887
JAMAICA	1,374	1,300	1,340	1,200	1,280	1,260
TRINIDAD-TOBAGO	1,120	1,400	1,400	1,400	1,400	1,250
REGIONAL TOTAL	33,725	36,591	36,470	37,465	37,605	37,397
MIDDLE EAST						
CYPRUS	2,608	3,532	3,616	3,620	3,620	3,600
IRAN	11,327	11,500	12,000	12,000	12,000	13,000
IRAQ	7,270	7,725	7,800	7,900	7,000	7,000
ISRAEL	5,140	5,985	6,043	6,370	6,714	6,715
JORDAN	3,027	4,660	4,620	4,700	4,800	3,800
LEBANON	296	280	200	200	200	1,800
SOUTHERN YEMEN	75	75	75	75	75	100
SYRIA	6,117	8,058	10,273	11,729	11,367	11,150
TURKEY	53,399	56,469	63,868	61,477	62,086	61,701
REGIONAL TOTAL	89,259	98,284	108,495	108,071	107,862	108,866

TABLE CONTINUED ON NEXT PAGE.

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TABLE 3 (CONTINUED)
CIGARETTE PRODUCTION IN SELECTED COUNTRIES 1/
(MILLIONS OF PIECES)

REGION AND COUNTRY	AVERAGE 1976-80	1981	1982	1983	1984	1985 2/
ASIA						
BANGLADESH	12,803	15,731	14,836	14,031	14,956	14,450
BURMA	2,335	2,600	2,625	2,700	2,700	3,500
CAMBODIA	4,100	4,100	4,100	4,100	4,100	4,150
CHINA (TAIWAN)	23,857	27,362	28,121	29,865	32,081	30,827
CHINA, MAINLAND	630,600	866,000	942,500	968,800	1,066,000	1,180,000
HONG KONG	4,102	6,400	5,800	7,690	9,962	13,600
INDIA	72,856	86,800	94,000	80,447	85,028	[illegible],680
INDONESIA	68,133	90,100	86,200	93,275	100,334	1[illegible],711
JAPAN	301,382	306,624	309,063	306,320	306,000	3[illegible],000
KOREA, NORTH	12,440	13,700	14,000	14,400	14,400	14,600
KOREA, REP. OF	62,534	72,219	71,786	75,279	77,971	75,335
LAOS	1,080	1,100	1,100	1,100	1,100	1,125
MACAU	520	550	550	550	550	575
MALAYSIA	12,804	14,591	15,193	14,607	16,457	17,238
NEPAL	1,270	1,350	1,350	1,400	1,400	1,400
PAKISTAN	31,825	35,900	38,100	38,129	40,094	38,921
PHILIPPINES	53,465	61,843	70,025	57,812	58,562	62,334
SINGAPORE	3,246	3,203	3,792	3,164	2,283	2,400
SRI LANKA	4,775	5,200	5,200	5,200	5,200	5,300
THAILAND	26,731	32,964	30,000	29,000	29,044	29,151
VIETNAM	23,000	24,000	24,000	24,000	24,000	24,250
REGIONAL TOTAL	1,353,858	1,672,337	1,762,341	1,771,869	1,892,222	2,009,547
EUROPEAN COMMUNITY 4/						
BELGIUM/LUXEMBOURG	25,609	26,921	28,710	28,042	27,650	28,363
DENMARK	9,439	9,802	9,920	9,763	10,583	10,966
FRANCE	79,485	62,454	62,510	62,147	60,729	67,376
GERMANY (FRG)	149,590	167,816	148,166	155,942	162,055	165,587
GREECE	24,264	25,404	24,533	25,336	27,018	28,000
IRELAND	8,207	7,467	8,415	7,534	7,289	7,735
ITALY	72,452	72,248	80,550	83,672	80,435	78,674
NETHERLANDS	36,625	38,732	42,977	45,303	45,101	50,760
PORTUGAL	13,139	13,363	13,613	14,329	13,875	13,937
SPAIN	67,420	93,500	68,220	63,600	75,100	77,270
UNITED KINGDOM	155,481	149,640	144,610	141,948	130,473	123,970
TOTAL EC-10	561,153	560,484	550,341	555,067	551,333	561,431
TOTAL EC-12	641,711	667,347	632,224	637,616	640,308	652,638
OTHER WESTERN EUROPE						
AUSTRIA	14,845	14,670	15,625	15,625	14,907	16,051
FINLAND	7,987	13,010	8,287	8,040	8,475	7,813
MALTA	651	890	990	1,100	1,225	1,300
NORWAY	746	740	740	792	790	1,082
SWEDEN	10,558	10,270	11,100	10,423	10,507	9,715
SWITZERLAND	29,721	27,569	26,497	25,801	25,449	23,150
REGIONAL TOTAL	64,508	67,149	63,239	61,781	61,353	59,111

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TABLE 3 (CONTINUED)
CIGARETTE PRODUCTION IN SELECTED COUNTRIES 1/
(MILLIONS OF PIECES)

REGION AND COUNTRY	AVERAGE 1976-80	1981	1982	1983	1984	1985 2/
EASTERN EUROPE						
ALBANIA	5,960	6,200	6,200	6,100	6,200	6,200
BULGARIA	77,400	76,000	75,000	75,200	88,000	92,200
CZECHOSLOVAKIA	23,720	22,330	24,006	25,016	26,000	26,500
GERMANY, EAST	23,168	26,004	25,605	27,387	23,734	25,000
HUNGARY	25,331	27,102	26,135	25,250	26,678	26,430
POLAND	90,813	83,010	87,460	82,823	86,363	90,024
ROMANIA	32,700	35,000	36,000	36,000	36,000	36,200
YUGOSLAVIA	52,623	64,169	58,941	58,439	55,941	63,000
REGIONAL TOTAL	331,715	339,815	339,347	336,215	348,916	365,554
USSR 3/	371,740	364,000	359,300	368,700	374,000	380,000
OCEANIA						
AUSTRALIA	32,782	35,167	34,598	34,089	32,425	32,600
FIJI	618	643	645	650	650	650
NEW ZEALAND	6,434	6,191	6,112	6,089	6,236	6,300
REGIONAL TOTAL	39,834	42,001	41,355	40,828	39,311	39,550
WORLD TOTAL	4,118,752	4,543,797	4,555,263	4,552,451	4,698,042	4,872,845

NOTE: TOTALS MAY NOT ADD DUE TO ROUNDING.
1/ ESTIMATES ARE INCLUDED IN THE ABSENCE OF REASONABLE DATA.
2/ PRELIMINARY.
3/ INCLUDES PAPYROSA.
4/ PORTUGAL AND SPAIN ENTERED THE EUROPEAN COMMUNITY ON JANUARY 1, 1986, AND ARE SHOWN HERE FOR COMPARISON PURPOSES.

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TABLE 4: CIGARETTE PRODUCTION: TRENDS IN SPECIFIED COUNTRIES, WITH TREND LINE ESTIMATES FOR 1986, 1987, AND 1990 (In Billion Pieces)

COUNTRY	A 1/	B 2/	C 3/	D 4/	1984			1985			1986 ESTIMATES		1987 ESTIMATES		1990 ESTIMATES	
					ACTUAL	TREND	DEV.	ACTUAL	TREND	DEV.	POINT	INTERVAL 5/	POINT	INTERVAL 5/	POINT	INTERVAL 5/
Canada...	54.9	0.87	0.77	3.16	61.6	67.0	-5.4	63.5	67.9	-4.4	68.8	61.1 - 76.5	69.6	61.8 - 77.4	73.1	64.6 - 81.6
Mexico...	41.7	0.79	0.82	2.35	48.5	52.7	-4.2	54.4	53.5	0.9	54.3	48.6 - 60.0	55.1	49.3 - 60.9	58.3	52.0 - 64.6
U.S.....	618.6	6.07	0.64	31.66	668.2	703.6	-35.4	662.0	709.7	-47.7	715.8	639.0 - 792.6	721.8	643.2 - 800.4	746.1	661.3 - 830.9
Argentina:	34.2	0.21	0.38	2.25	38.9	37.2	1.7	37.5	37.4	0.1	37.6	32.1 - 43.1	37.9	32.3 - 43.5	38.7	32.7 - 44.7
Brazil...	76.2	5.05	0.91	9.62	129.2	146.8	-17.6	146.3	151.9	-5.6	156.9	133.6 - 180.2	162.0	138.1 - 185.9	182.2	156.4 - 208.0
Colombia.:	18.2	0.27	0.63	1.44	23.8	22.0	1.8	24.1	22.3	1.8	22.6	19.1 - 26.1	22.8	19.2 - 26.4	23.9	20.0 - 27.8
Venez....	13.8	0.57	0.81	1.78	20.6	21.7	-1.1	19.8	22.3	-2.5	22.8	18.5 - 27.1	23.4	19.0 - 27.8	25.7	20.9 - 30.5
Bel. Lux.:	20.9	0.56	0.88	1.28	27.7	28.8	-1.1	28.4	29.3	-0.9	29.9	26.8 - 33.0	30.4	27.2 - 33.6	32.7	29.3 - 36.1
France...	82.0	-1.12	-0.56	7.19	60.7	66.3	-5.6	67.4	65.2	2.2	64.0	46.6 - 81.4	62.9	45.1 - 80.7	58.4	39.1 - 77.7
W. Ger...	128.1	2.51	0.90	5.40	162.1	163.3	-1.2	165.6	165.8	-0.2	168.3	155.2 - 181.4	170.8	157.4 - 184.2	180.9	166.4 - 195.4
Greece...	17.9	0.67	0.96	0.90	27.0	27.3	-0.3	28.0	28.0	0.0	28.6	26.4 - 30.8	29.3	27.1 - 31.5	32.0	29.6 - 34.4
Italy....	63.7	1.13	0.86	2.89	80.4	79.5	0.9	78.7	80.7	2.0	81.8	74.8 - 88.8	82.9	75.7 - 90.1	87.5	79.7 - 95.3
Neth.....	25.5	1.49	0.95	2.13	45.1	46.3	-1.2	50.8	47.8	3.0	49.3	44.1 - 54.5	50.8	45.5 - 56.1	56.7	51.0 - 62.4
Spain....	45.8	2.38	0.78	8.33	75.1	79.2	-4.1	77.3	81.5	-4.2	83.9	63.7 - 104.1	86.3	65.6 - 107.0	95.8	73.5 - 118.1
U.K.....	159.8	-1.38	-0.58	8.45	130.5	140.5	-10.0	124.0	139.1	-15.1	137.7	117.2 - 158.2	136.4	115.4 - 157.4	130.9	108.3 - 153.5
EC-10 6/.	514.1	4.00	0.72	16.49	551.3	570.1	-18.8	561.4	574.1	-12.7	578.1	538.1 - 618.1	582.1	541.2 - 623.0	598.2	554.0 - 642.4
EC-12 6/.	570.0	6.70	0.81	20.81	640.3	663.7	-23.4	652.6	670.4	-17.8	677.1	626.6 - 727.6	683.8	632.2 - 735.4	710.6	654.9 - 766.3
Switz....	31.8	-0.42	-0.73	1.69	25.4	25.9	-0.5	23.2	25.4	-2.2	25.0	20.9 - 29.1	24.6	20.4 - 28.8	22.9	18.4 - 27.4
Bulgaria.:	64.7	1.38	0.85	3.73	88.0	84.0	4.0	92.2	85.4	6.8	86.7	77.7 - 95.7	88.1	78.8 - 97.4	93.6	83.6 - 103.6
Poland...	80.6	0.63	0.54	4.29	86.4	89.4	-3.0	90.0	90.1	-0.1	90.7	80.3 - 101.1	91.3	80.7 - 101.9	93.9	82.4 - 105.4
U.S.S.R..	356.5	1.24	0.50	9.24	374.0	373.9	0.1	380.0	375.1	4.9	376.3	353.9 - 398.7	377.6	354.7 - 400.5	382.6	357.8 - 407.4
Yugoslav.:	33.4	2.12	0.92	3.99	55.9	63.2	-7.3	63.0	65.3	-2.3	67.4	57.7 - 77.1	69.6	59.7 - 79.5	78.1	67.4 - 88.8
Egypt....	10.5	2.36	0.98	2.28	48.0	43.6	4.4	47.0	46.0	1.0	48.4	42.9 - 53.9	50.7	45.0 - 56.4	60.2	54.1 - 66.3
S. Africa:	16.3	0.94	0.97	0.76	28.8	29.5	-0.7	28.7	30.4	-1.7	31.4	28.6 - 34.2	32.3	29.5 - 35.1	36.1	33.0 - 39.2
China....	395.7	42.64	0.90	89.72	1066.0	992.6	73.4	1180.0	1035.2	144.8	1077.8	860.2 -1295.4	1120.5	897.9 -1343.1	1291.0	1050.6 - 1531.4
India....	57.5	2.02	0.86	5.27	85.0	85.8	-0.8	80.7	87.9	-7.2	89.9	77.1 - 102.7	91.9	78.8 - 105.0	100.0	85.9 - 114.1
Indonesia:	29.2	5.04	0.99	3.42	100.3	99.7	0.6	106.7	104.8	1.9	109.8	101.5 - 118.1	114.9	106.4 - 123.4	135.0	125.8 - 114.2
Japan....	257.8	4.19	0.80	13.43	306.0	316.4	-10.4	303.0	320.6	-17.6	324.8	292.2 - 357.4	329.0	295.7 - 362.3	345.7	309.7 - 381.7
S. Korea.:	42.7	2.44	0.98	2.09	78.0	76.8	1.2	75.3	79.3	-4.0	81.7	76.6 - 86.8	84.1	78.9 - 89.3	93.9	88.3 - 99.5
Philip...	41.7	1.51	0.86	3.93	58.6	62.9	-4.3	62.3	64.4	-2.1	66.0	56.5 - 75.5	67.5	57.8 - 77.2	73.5	63.0 - 84.0
Taiwan...	15.3	1.09	0.99	0.62	32.1	30.6	1.5	30.8	31.7	-0.9	32.8	31.3 - 34.3	33.9	32.4 - 35.4	38.2	36.5 - 39.9
Thailand.:	16.9	1.05	0.90	2.21	29.0	31.6	-2.6	29.2	32.7	-3.5	33.7	28.3 - 39.1	34.8	29.3 - 40.3	39.0	33.1 - 44.9
Turkey...	44.6	1.22	0.85	3.21	62.1	61.6	0.5	61.7	62.8	1.1	64.0	56.2 - 71.8	65.2	57.2 - 73.2	70.1	61.5 - 78.7
Australia:	28.8	0.41	0.76	1.50	32.4	34.6	-2.2	32.6	35.0	-2.4	35.4	31.8 - 39.0	35.8	32.1 - 39.5	37.4	33.4 - 41.4
WORLD....:	3303.2	102.80	0.99	45.88	4698.0	4742.3	-44.3	4872.9	4845.1	-27.8	4947.9	4836.6 -5059.2	5050.7	4936.9 -5164.5	5461.9	5339.0 - 5584.8

1/ INTERCEPT - TREND VALUE OF PRODUCTION WHEN X EQUALS ZERO (i.e. 1970).
2/ SLOPE - THE CHANGE IN THE TREND VALUE OF PRODUCTION FOR A ONE UNIT CHANGE IN TIME (i.e. annual change).
3/ CORRELATION COEFFICIENT - A VALUE BETWEEN 1 AND -1 THAT MEASURES THE DEGREE OF LINEAR ASSOCIATION BETWEEN TIME AND PRODUCTION. THE LARGER THE ABSOLUTE VALUE, THE HIGHER THE DEGREE OF LINEAR ASSOCIATION BETWEEN THEM.
4/ A MEASURE OF THE AMOUNT OF VARIATION OF THE ACTUAL PRODUCTION FROM ITS TREND VALUES.
5/ NINETY-FIVE PERCENT CONFIDENCE INTERVAL: IT CAN BE SAID, WITH 95 PERCENT CONFIDENCE, THAT THE CIGARETTE PRODUCTION WILL FALL WITHIN THE INTERVAL.
6/ PORTUGAL AND SPAIN ENTERED THE EUROPEAN COMMUNITY ON JANUARY 1, 1986. PRODUCTION TRENDS ARE SHOWN FOR BOTH EC-10 AND EC-12 FOR COMPARISON PURPOSES.

JULY 1986

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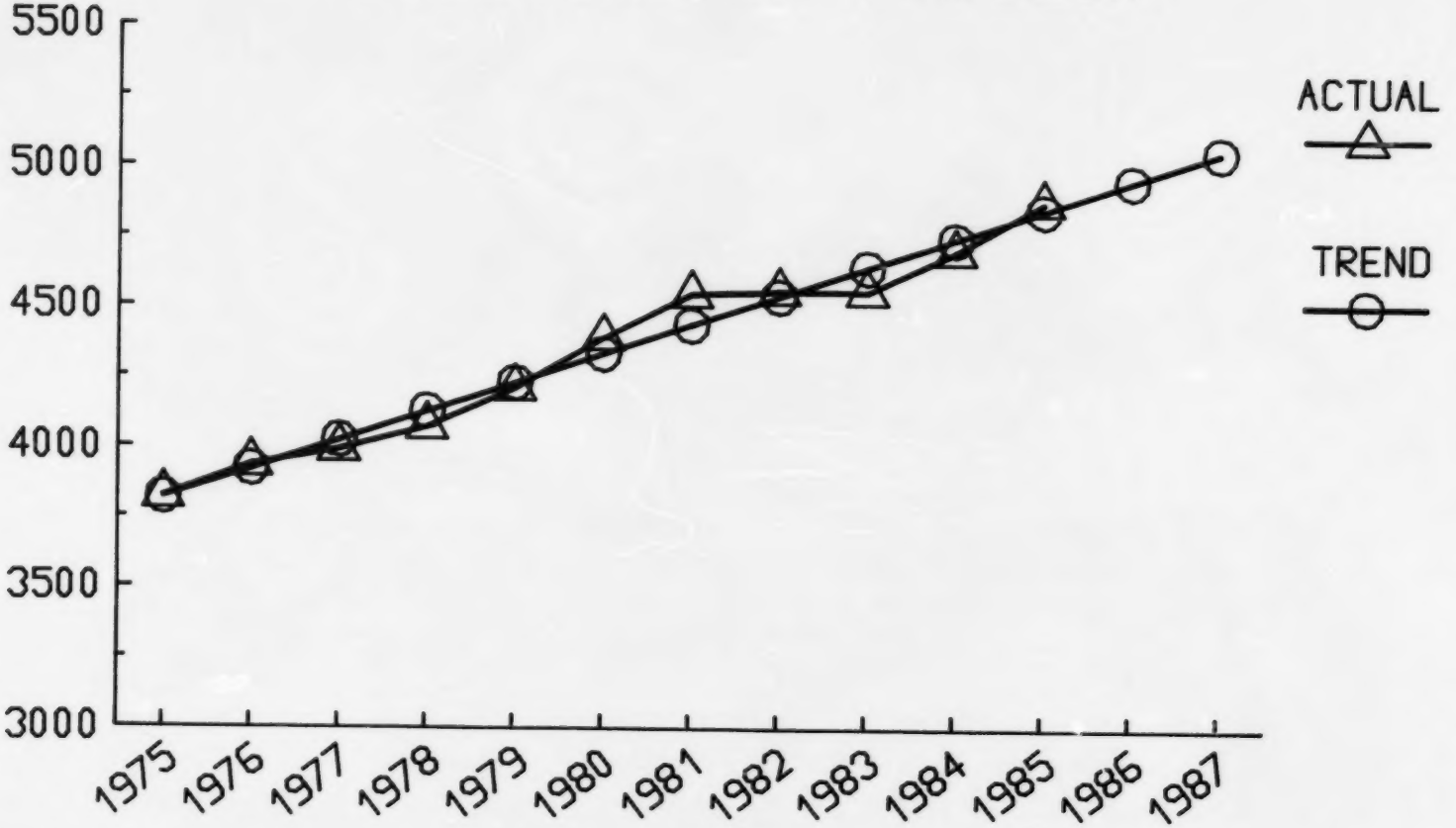
WORLD CIGARETTE PRODUCTION
1975 - 1987
(BILLIONS OF PIECES)



NOTE: 1985 FIGURES PRELIMINARY.
ESTIMATES ARE INCLUDED IN TOTAL FIGURES
IN THE ABSENCE OF REASONABLE DATA.

TABLE 5
CIGARETTES: SHIPMENTS BY MAJOR EXPORTER 1/
(MILLIONS OF PIECES)

COUNTRY	AVERAGE 1976-80	1981	1982	1983	1984	1985 2/
BULGARIA	63,165	63,000	62,000	60,800	72,000	75,200
UNITED STATES	72,858	82,582	73,585	60,698	56,517	58,947
GERMANY (FRG)	27,053	36,922	38,499	43,807	44,519	47,856
NETHERLANDS	20,275	29,969	35,563	36,209	45,367	45,500
UNITED KINGDOM	30,449	41,869	46,392	46,235	39,568	39,412
HONG KONG	2,553	5,104	4,790	7,871	11,799	17,100
BELGIUM/LUXEMBOURG	10,296	12,005	12,660	14,111	13,080	15,048
FRANCE	6,175	1,464	3,950	5,628	4,737	10,164
YUGOSLAVIA	1,549	14,122	9,327	2,464	2,584	10,000
SWITZERLAND	13,237	13,812	10,058	9,527	9,300	6,950
REST OF WORLD	32,157	44,733	41,084	39,188	38,425	37,301
WORLD TOTAL	279,767	345,582	337,908	326,538	337,896	363,478

NOTE: TOTALS MAY NOT ADD DUE TO ROUNDING.
1/ ESTIMATES ARE INCLUDED IN THE ABSENCE OF REASONABLE DATA.
2/ PRELIMINARY.

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TABLE 6
CIGARETTE EXPORTS IN SELECTED COUNTRIES 1/
(MILLIONS OF PIECES)

REGION AND COUNTRY	AVERAGE 1976-80	1981	1982	1983	1984	1985 2/
NORTH AFRICA						
EGYPT	294	0	0	60	100	100
MOROCCO	8	14	8	17	12	9
REGIONAL TOTAL	302	14	8	77	112	109
SUBSAHARAN AFRICA						
ANGOLA	150	150	150	150	150	150
BENIN	50	50	50	50	50	0
BURKINA FASO	45	45	45	45	45	45
CONGO	50	50	50	50	50	50
IVORY COAST	245	280	285	300	375	400
KENYA	283	105	95	100	150	150
MADAGASCAR	95	100	100	100	100	100
MAURITIUS	4	5	5	5	5	0
MOZAMBIQUE	200	200	200	200	200	0
SENEGAL	465	490	750	800	950	1,050
SOUTH AFRICA	140	150	55	40	50	45
TANZANIA	189	200	200	200	250	250
ZAIRE	126	100	100	100	100	100
ZIMBABWE	1,445	1,100	500	300	0	0
REGIONAL TOTAL	3,487	3,025	2,585	2,440	2,475	2,340
NORTH AMERICA						
CANADA	527	719	687	755	639	609
MEXICO	17	3	11	2	0	3
UNITED STATES	72,858	82,582	73,585	60,698	56,517	58,947
REGIONAL TOTAL	73,402	83,304	74,283	61,455	57,156	59,559
SOUTH AMERICA						
ARGENTINA	117	10	0	26	31	28
BRAZIL	1,013	1,000	0	0	0	0
REGIONAL TOTAL	1,130	1,010	0	26	31	28
CENTRAL AMERICA						
EL SALVADOR	13	10	10	10	10	5
PANAMA	1	0	0	0	0	0
REGIONAL TOTAL	14	10	10	10	10	5
CARIBBEAN						
BARBADOS	22	10	10	10	10	5
BELIZE	20	20	20	20	20	20
CUBA	1,380	1,000	1,000	1,000	1,000	1,000
JAMAICA	44	40	40	40	40	40
REGIONAL TOTAL	1,466	1,070	1,070	1,070	1,070	1,065

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TABLE 6 (CONTINUED)
CIGARETTE EXPORTS IN SELECTED COUNTRIES 1/
(MILLIONS OF PIECES)

REGION AND COUNTRY	AVERAGE 1976-80	1981	1982	1983	1984	1985 2/
MIDDLE EAST						
CYPRUS	1,889	2,655	2,621	2,600	3,000	2,000
IRAQ	20	20	20	20	20	20
JORDAN	931	1,944	1,700	1,800	1,800	1,500
KUWAIT	1,745	2,600	2,600	2,600	2,400	1,500
REGIONAL TOTAL	4,585	7,219	6,941	7,020	7,220	5,020
ASIA						
CHINA (TAIWAN)	5	10	9	8	15	11
HONG KONG	2,553	5,104	4,790	7,871	11,799	17,100
INDIA	1,167	2,486	5,000	2,500	2,900	2,900
JAPAN	80	1,538	1,485	1,456	1,200	1,300
MALAYSIA	1,945	39	8	25	40	36
PAKISTAN	1,355	796	1,235	1,623	1,449	1,662
PHILIPPINES	6	4	121	85	379	805
SINGAPORE	815	1,239	2,177	2,310	2,413	3,746
REGIONAL TOTAL	7,926	11,216	14,825	15,878	20,195	27,560
EUROPEAN COMMUNITY 3/						
BELGIUM/LUXEMBOURG	10,296	12,005	12,660	14,111	13,080	15,048
DENMARK	1,328	1,575	1,808	1,587	2,039	2,448
FRANCE	6,175	1,464	3,950	5,628	5,217	5,321
GERMANY, FED. REP.	27,053	36,922	38,499	43,807	44,284	47,771
GREECE	48	24	789	798	585	616
IRELAND	2,532	2,539	1,397	766	1,052	1,662
ITALY	152	498	385	500	419	458
NETHERLANDS	20,275	29,969	35,563	36,209	42,203	46,021
PORTUGAL	225	256	227	187	147	133
SPAIN	590	1,277	998	876	673	563
UNITED KINGDOM	30,449	41,869	46,392	46,235	39,555	39,410
TOTAL EC-10	98,308	126,865	141,443	149,641	148,435	158,756
TOTAL EC-12	99,123	128,398	142,668	150,704	149,255	159,452
OTHER WESTERN EUROPE						
AUSTRIA	207	208	132	132	136	117
FINLAND	1,883	6,100	1,396	933	983	1,043
MALTA	200	225	250	275	300	300
SWEDEN	174	202	300	163	162	111
SWITZERLAND	13,237	13,812	10,058	9,527	9,300	6,950
REGIONAL TOTAL	15,701	20,547	12,136	11,030	10,881	8,521
EASTERN EUROPE						
ALBANIA	4,000	4,000	4,000	4,000	4,000	4,000
BULGARIA	63,165	63,000	62,000	60,800	72,000	75,200
HUNGARY	230	250	1,000	1,300	91	150
YUGOSLAVIA	1,549	14,122	9,327	2,464	2,584	10,000
REGIONAL TOTAL	68,944	81,372	76,327	68,564	78,675	89,350

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TABLE 6 (CONTINUED)
CIGARETTE EXPORTS IN SELECTED COUNTRIES 1/
(MILLIONS OF PIECES)

REGION AND COUNTRY	AVERAGE 1976-80	1981	1982	1983	1984	1985 2/
USSR 4/	836	2,704	792	1,030	811	900
OCEANIA						
AUSTRALIA	226	306	311	358	474	480
FIJI	9	5	5	5	5	5
REGIONAL TOTAL	235	311	316	363	479	485
WORLD TOTAL	277,151	340,200	331,961	319,667	331,444	359,096

NOTE: TOTALS MAY NOT ADD DUE TO ROUNDING.
1/ ESTIMATES ARE INCLUDED IN THE ABSENCE OF REASONABLE DATA.
2/ PRELIMINARY.
3/ PORTUGAL AND SPAIN ENTERED THE EUROPEAN COMMUNITY ON JANUARY 1, 1986. THEY ARE INCLUDED IN THE EUROPEAN COMMUNITY HERE FOR COMPARISON PURPOSES.
4/ INCLUDES PAPYROSA.

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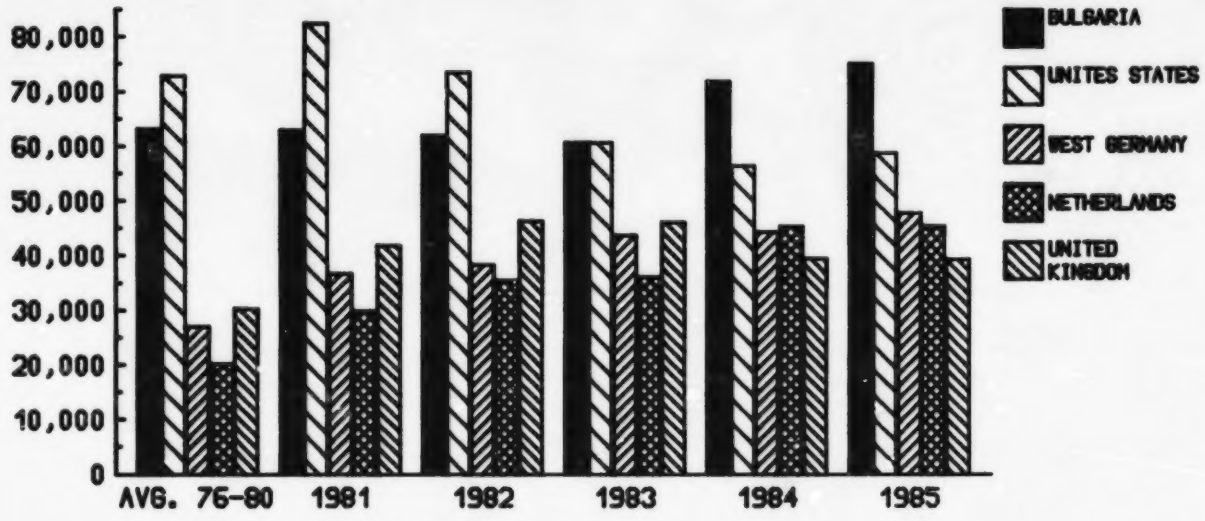
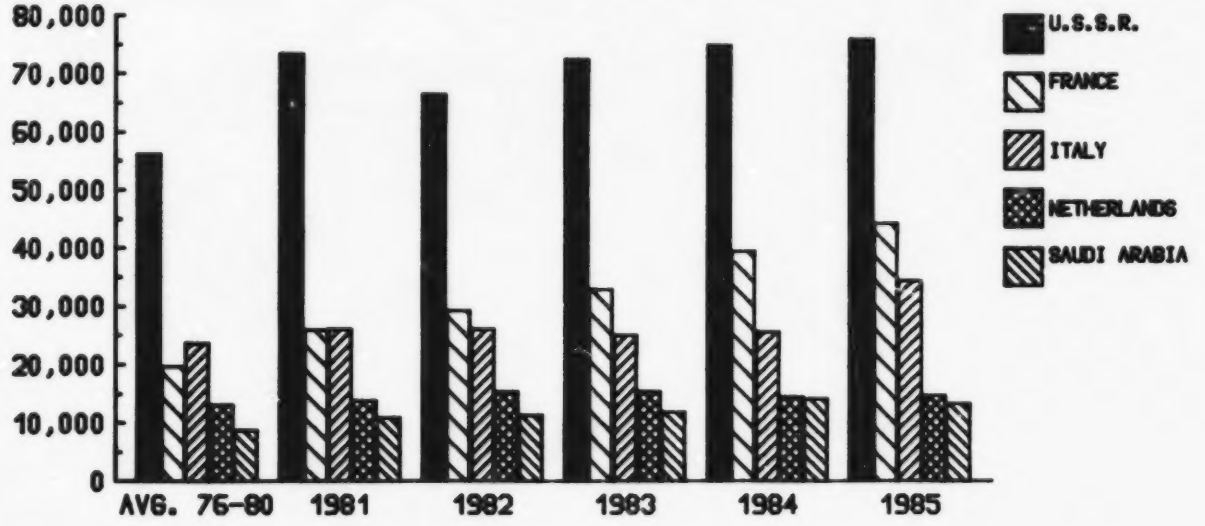
MAJOR CIGARETTE EXPORTERS
1976 - 1985
(MILLIONS OF PIECES)



NOTE: 1985 PRELIMINARY.

MAJOR CIGARETTE IMPORTERS
1976 - 1985
(MILLIONS OF PIECES)



NOTE: 1985 PRELIMINARY.

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TABLE 7
CIGARETTE IMPORTS IN SELECTED COUNTRIES 1/
(MILLIONS OF PIECES)

REGION AND COUNTRY	AVERAGE 1976-80	1981	1982	1983	1984	1985 2/
NORTH AFRICA						
ALGERIA	316	300	300	300	300	400
EGYPT	1,180	766	2,046	2,050	1,800	2,000
LIBYA	1,874	2,000	2,000	2,000	2,000	2,000
MOROCCO	887	1,534	910	1,215	1,041	1,035
SUDAN	857	800	800	800	800	800
TUNISIA	224	315	309	330	379	347
REGIONAL TOTAL	5,338	5,715	6,365	6,695	6,320	6,582
SUBSAHARAN AFRICA						
ANGOLA	300	300	300	300	300	300
BENIN	1,450	1,550	1,550	1,550	1,550	1,600
BURKINA FASO	132	160	170	170	170	175
CHAD	36	40	40	40	40	40
ETHIOPIA	214	200	200	200	200	200
GHANA	609	1,400	1,400	1,400	1,200	900
IVORY COAST	464	200	200	200	200	200
KENYA	47	23	20	20	20	0
LIBERIA	368	410	410	410	410	410
MADAGASCAR	184	200	200	200	200	200
MALAWI	24	25	25	25	25	25
MAURITIUS	18	20	20	20	20	20
MOZAMBIQUE	39	40	40	40	40	0
NIGER	312	310	320	320	320	340
NIGERIA	832	5,000	6,000	7,000	8,500	9,000
REUNION	315	350	350	350	350	350
SENEGAL	561	600	100	100	78	50
SIERRA LEONE	106	50	50	50	25	251
SOUTH AFRICA	1,449	1,249	975	891	1,796	1,061
TOGO	645	700	725	725	725	750
ZAIRE	6	500	500	10	10	10
ZAMBIA	14	15	15	15	15	0
REGIONAL TOTAL	8,125	13,342	13,610	14,036	16,194	15,656
NORTH AMERICA						
CANADA	571	724	821	752	531	641
UNITED STATES	746	526	581	862	1,305	1,607
REGIONAL TOTAL	1,317	1,250	1,402	1,614	1,836	2,248

CONTINUED ON NEXT PAGE.

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TABLE 7 (CONTINUED)
CIGARETTE IMPORTS IN SELECTED COUNTRIES 1/
(MILLIONS OF PIECES)

REGION AND COUNTRY	AVERAGE 1976-80	1981	1982	1983	1984	1985 2/
SOUTH AMERICA						
CHILE	130	800	1,100	300	157	116
COLOMBIA	1,029	1,600	1,568	10,633	10,488	10,540
PARAGUAY	1,595	1,212	200	50	60	50
SURINAM	20	25	25	25	25	10
URUGUAY	69	24	25	25	25	35
VENEZUELA	32	30	30	25	0	0
REGIONAL TOTAL	2,875	3,691	2,948	11,058	10,755	10,751
CENTRAL AMERICA						
COSTA RICA	44	20	20	0	0	0
EL SALVADOR	206	50	50	50	50	5
GUATEMALA	17	24	0	0	0	0
PANAMA	2	1	31	30	30	30
REGIONAL TOTAL	269	95	101	80	80	35
CARIBBEAN						
BARBADOS	32	5	5	5	5	3
BELIZE	94	100	100	100	100	95
GUADELOUPE	231	250	250	250	250	260
HAITI	1,100	1,000	1,000	1,000	19	13
NETH. ANTILLES	217	230	230	230	240	250
TRINIDAD-TOBAGO	80	50	50	50	20	20
REGIONAL TOTAL	1,754	1,635	1,635	1,635	634	641
MIDDLE EAST						
CYPRUS	882	281	875	900	4,500	1,800
IRAN	6,555	3,000	3,000	3,000	4,200	2,820
IRAQ	250	250	250	250	1,250	1,250
ISRAEL	635	700	281	28	12	10
KUWAIT	4,538	5,600	5,900	6,200	5,000	4,500
LEBANON	4,200	5,000	5,000	5,000	7,200	6,200
SAUDI ARABIA	8,902	11,000	11,500	12,000	14,300	13,500
SOUTHERN YEMEN	2,000	2,000	2,000	2,000	2,000	1,350
SYRIA	1,166	350	0	0	791	0
U.ARAB EMIRATES	7,800	10,000	10,000	9,000	8,500	9,000
REGIONAL TOTAL	36,928	38,181	38,806	38,378	47,753	40,430

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TABLE 7 (CONTINUED)
CIGARETTE IMPORTS IN SELECTED COUNTRIES 1/
(MILLIONS OF PIECES)

REGION AND COUNTRY	AVERAGE 1976-80	1981	1982	1983	1984	1985 2/
ASIA						
AFGHANISTAN	343	450	450	450	450	475
BANGLADESH	180	450	25	119	150	300
BRUNEI	307	310	310	300	305	310
CHINA (TAIWAN)	166	207	202	499	548	577
HONG KONG	7,597	8,828	9,018	8,529	8,655	10,200
INDONESIA	1,065	605	246	325	87	27
JAPAN	3,846	5,208	5,454	5,941	6,500	7,48
KOREA, REP. OF	69	112	141	150	79	.9
LAOS	30	30	30	30	30	40
MALAYSIA	4,793	2,946	3,212	2,427	1,147	615
PHILIPPINES	181	265	291	343	165	385
SINGAPORE	1,622	2,787	3,287	3,961	4,733	5,753
SRI LANKA	125	15	15	15	15	10
THAILAND	106	198	266	221	306	269
REGIONAL TOTAL	20,430	22,411	22,947	23,330	23,170	26,540
EUROPEAN COMMUNITY 3/						
BELGIUM/LUXEMBOURG	2,390	2,104	3,604	3,677	3,575	3,154
DENMARK	521	212	231	243	176	263
FRANCE	14,578	26,108	29,381	33,035	39,649	44,362
GERMANY, FED. REP.	1,655	2,376	4,680	5,583	4,926	5,431
GREECE	251	1,280	1,939	1,271	867	1,267
IRELAND	333	321	243	286	297	327
ITALY	23,797	26,202	26,232	25,236	25,764	34,608
NETHERLANDS	13,473	13,877	15,415	15,479	14,629	14,867
PORTUGAL	85	75	7	35	7	2
SPAIN	7,307	3,239	2,120	1,390	1,205	1,176
UNITED KINGDOM	2,549	2,529	3,782	2,952	7,751	12,322
TOTAL EC-10	59,547	75,009	85,507	87,762	97,634	116,601
TOTAL EC-12	66,939	78,323	87,634	89,187	98,846	117,779
OTHER WESTERN EUROPE						
AUSTRIA	823	854	686	686	680	248
FINLAND	82	286	8	12	8	30
ICELAND	489	545	545	550	550	550
MALTA	99	100	50	50	50	50
NORWAY	1,693	1,517	1,540	976	1,140	1,282
SWEDEN	2,105	1,820	1,300	1,790	1,843	1,716
SWITZERLAND	251	183	188	210	229	270
REGIONAL TOTAL	5,542	5,305	4,317	4,274	4,500	4,146

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TABLE 7 (CONTINUED)
CIGARETTE IMPORTS IN SELECTED COUNTRIES 1/
(MILLIONS OF PIECES)

REGION AND COUNTRY	AVERAGE 1976-80	1981	1982	1983	1984	1985 2/
EASTERN EUROPE						
GERMANY, EAST	6,388	3,974	6,897	6,920	7,250	6,500
HUNGARY	1,324	1,338	1,300	900	953	1,000
POLAND	1,112	7,094	4,281	2,894	1,913	2,430
YUGOSLAVIA	15	0	0	0	0	0
REGIONAL TOTAL	8,839	12,406	12,478	10,714	10,116	9,930
USSR 4/	56,207	73,533	66,504	72,502	74,933	76,000
OCEANIA						
AUSTRALIA	951	726	810	655	473	555
FIJI	50	50	50	50	50	50
NEW ZEALAND	73	62	45	25	23	25
PAPUA-N. GUINEA	53	55	55	55	55	55
SOLOMON ISLANDS	28	30	30	30	30	30
REGIONAL TOTAL	1,155	923	990	815	631	715
WORLD TOTAL	215,718	256,810	259,737	274,318	292,323	306,358

NOTE: TOTALS MAY NOT ADD DUE TO ROUNDING.
1/ ESTIMATES ARE INCLUDED IN THE ABSENCE OF REASONABLE DATA.
2/ PRELIMINARY.
3/ PORTUGAL AND SPAIN ENTERED THE EUROPEAN COMMUNITY ON JANUARY 1, 1986, AND ARE INCLUDED HERE FOR COMPARISON PURPOSES.
4/ INCLUDES PAPYROSA.

JULY 1986, TOBACCO, COTTON & SEEDS DIVISION, FOREIGN AGRICULTURAL SERVICE, USDA

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TABLE 8
CIGARETTES: IMPORTS OF SELECTED COUNTRIES BY COUNTRY OF ORIGIN
ANNUAL 1981-85
(MILLIONS OF PIECES)

Importing Country and Country of Origin	1981	1982	1983	1984	1985 1/
France:					
Netherlands	22,329	24,366	23,615	24,337	28,699
Belgium-Luxembourg	1,565	1,901	2,298	5,145	5,764
Germany, Fed. Rep.	4,696	4,568	4,636	7,617	8,310
United Kingdom	368	435	--	1,026	1,183
Italy	87	154	--	213	307
Other	91	51	555	796	99
Total 2/	29,136	31,475	31,104	39,134	44,362
Hong Kong:					
United States	7,064	7,393	6,958	7,232	8,284
United Kingdom	1,390	1,154	1,234	1,480	3,424
China	159	169	59	63	344
Other	215	302	278	424	1,861
Total	8,828	9,018	8,529	9,199	13,913
Italy:					
Netherlands	7,719	8,781	5,236	1,951	12,282
Germany, Fed. Rep.	17,752	16,658	17,316	14,586	20,574
Switzerland	--	11	1,994	8,963	1,091
Other	730	782	691	522	661
Total	26,202	26,232	25,236	26,022	34,608
Netherlands:					
Belgium/Luxembourg	7,841	8,621	9,165	8,900	8,964
Germany, Fed. Rep.	4,146	5,666	6,289	5,343	4,814
United Kingdom	213	210	127	164	992
United States	62	22	19	15	2
Switzerland	477	203	65	96	35
Other	3,508	49	79	111	60
Total	13,877	15,415	15,479	14,629	14,867
Soviet Union 3/:					
India	2,071	3,579	1,859	1,510	--
Yugoslavia	9,792	7,256	1,812	--	--
Bulgaria	55,726	51,558	57,594	58,911	--
Cuba	16	809	1,838	349	--
North Korea	274	817	857	1,362	--
Vietnam	--	1,747	6,953	8,912	--
United States	152	25	112	70	--
Other	5,502	713	1,477	3,819	--
Total	73,533	66,504	72,502	74,933	--

Note: Estimates are included in the absence of reasonable data.
--Denotes not available.
1/ Preliminary. 2/ The 1980, 1981, 1982, and 1983 data include subsequent revisions not reflected in Table 7. 3/ Include Papyrosa.
Source: Foreign Agricultural Service. Prepared or estimated on the basis of official statistics for foreign governments, other foreign source materials, reports of U.S. Agricultural Counselors, Attaches, and foreign service officers. Results of office research, and related information.
July 1986 Tobacco, Cotton and Seeds Division, FAS

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TABLE 9
CIGARETTES: EXPORTS OF SELECTED COUNTRIES BY COUNTRIES BY DESTINATION
ANNUAL 1981-85
(MILLIONS OF PIECES)

Exporting Country and Country of Destination	1981	1982	1983	1984	1985 1/
United Kingdom:					
Saudi Arabia	4,245	4,750	9,018	7,611	5,781
Belgium-Luxembourg	6,152	6,389	5,842	4,739	6,027
Netherlands	13,018	7,043	6,918	5,913	5,999
Iraq	3,561	4,068	1,361	1,409	1,516
United Arab Emirates	1,321	2,517	2,526	2,130	1,849
Kuwait	667	1,602	1,897	1,382	1,417
Oman	422	843	929	1,004	1,039
Singapore	--	--	1,065	1,319	2,171
Hong Kong	1,319	4,323	1,272	1,469	2,863
Germany, Fed. Rep.	881	974	967	624	1,004
France	541	671	815	984	610
Sudan	1,120	1,112	887	588	68
South Yemen	21	185	482	970	221
North Yemen	126	1,641	2,038	817	1,164
United States	428	432	425	477	461
Japan	211	251	306	318	377
China	--	--	--	--	604
Other	7,836	9,951	9,487	5,800	6,239
Total	41,869	46,392	46,235	39,555	39,410
Germany, Fed. Rep.					
Italy	19,865	17,302	17,560	17,222	18,088
France	5,782	1,698	7,970	8,144	7,496
Belgium-Luxembourg	968	2,245	2,752	1,878	1,657
Netherlands	3,994	3,815	4,223	4,240	4,880
United Kingdom	311	480	888	5,039	8,614
Austria	654	537	488	469	181
Greece	775	1,026	739	483	562
Iran	2,013	3,863	6,150	4,168	2,817
Other	2,630	7,326	3,037	2,640	3,476
Total	36,992	38,292	43,807	44,283	47,771
Netherlands:					
France	18,745	21,630	23,317	24,672	27,237
Italy	7,856	8,435	7,554	11,496	12,262
Belgium-Luxembourg	1,556	1,866	1,812	2,115	2,268
United Kingdom	844	1,341	1,390	1,728	1,906
Germany, Fed. Rep.	357	1,389	1,054	840	1,050
Other	611	902	1,082	1,352	1,298
Total	29,969	35,563	36,209	42,203	46,021
Belgium-Luxembourg:					
Netherlands	8,678	8,645	7,770	8,497	8,533
Germany, Fed. Rep.	269	843	2,284	1,925	2,168
France	1,623	1,767	1,977	1,545	2,376
United Kingdom	206	66	25	72	732
Other	1,229	649	899	1,041	1,239
Total	12,005	11,970	12,955	13,080	15,048

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TABLE 9 (CONTINUED)
CIGARETTES: EXPORTS OF SELECTED COUNTRIES BY COUNTRIES BY DESTINATION
ANNUAL 1981-85
(MILLIONS OF PIECES)

Exporting Country and Country of Destination	1981	1982	1983	1984	1985 1/
United States:					
Hong Kong	8,335	7,688	7,400	7,513	8,367
Netherlands Antilles	4,315	3,571	1,423	1,072	1,210
Spain	888	1,091	798	853	945
Saudi Arabia	5,154	5,516	6,246	6,103	6,618
Japan	5,177	4,753	5,469	6,305	6,455
Kuwait	2,336	1,409	1,525	1,516	1,547
Belgium-Luxembourg	18,713	15,655	12,972	11,182	12,162
Netherlands	2,725	3,506	1,340	1,282	886
United Arab Emirates	3,637	593	1,284	782	3,062
Panama	1,945	2,592	1,906	1,498	1,249
Mexico	70	51	28	82	55
Lebanon	2,729	3,569	2,752	3,297	1,806
Germany, Fed. Rep.	839	869	1,113	1,083	999
Morocco	1,784	1,221	1,054	1,185	1,006
Singapore	1,913	2,174	2,598	2,624	3,055
Other	22,022	19,327	12,790	10,140	9,525
Total	82,582	73,585	60,698	56,517	58,947
Hong Kong:					
Sabah	760	808	900	--	675
Macao	564	655	904	1,304	874
Brunei	--	--	48	59	46
China	3,363	2,698	5,199	8,933	14,752
Other	417	629	820	1,364	753
Total	5,104	4,790	7,871	11,660	17,100
Switzerland:					
Belgium-Luxembourg	2,216	1,642	59	92	--
Yugoslavia	1,956	1,242	216	181	--
Austria	604	558	778	872	354
Netherlands	1,316	1,359	426	731	1,049
Sweden	1,490	1,690	1,197	1,197	1,173
Iran	2,318	2,488	2,475	1,313	290
Germany, Fed. Rep.	191	180	46	19	--
Norway	894	918	115	695	677
Italy	213	188	154	219	--
Hungary	188	188	207	136	--
Finland	--	50	14	7	--
Other	2,426	2,499	3,152	3,838	3,407
Total	13,812	13,004	8,839	9,300	6,950

NOTE: Estimates are included in the absence of reasonable data.
--Denotes not available.
1/ Preliminary.

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West African Tobacco Situation

The following information on tobacco and cigarette production, consumption, trade and government policy is based on a fact finding trip in February 1986 to Nigeria, Cameroon, Ivory Coast, and Senegal.

NIGERIA

Two companies in Nigeria currently produce cigarettes and aid farmers in tobacco production. U.S. tobacco exports to Nigeria are deteriorating. Trade dropped in 1985 to one-third the 1984 quantity. In fact, leaf imports from all sources have dropped, with total yearly imports estimated at 300 tons. (See how this compares with U.S. exports to Nigeria in the table on page 49.) The deteriorating oil situation, and consequent sharp drop in foreign exchange availability have made short-term prospects for U.S. leaf very pessimistic. Management at one of the companies stated repeatedly that leaf imports would rise markedly if they had the resources. Demand for high-grade cigarettes is far higher than their current production, which is restrained by restrictions on import licenses.

Leaf Production and Prices

Tobacco production in Nigeria is ostensibly controlled by the Cotton and Tobacco Board, an agency of the federal government. However, the tobacco companies negotiate grower prices with the farmers, and the Board has little real voice in price or production guidelines. The companies, rather than the government, provide all the extension service to the farmers. They also provide assistance in land preparation, and provide loans for agricultural chemicals, including fertilizer and pesticide, at cost. Pesticides are both imported and domestically produced. The fertilizers used include a government produced 15-15-15, a superphosphate, and a 20-20-0. Charges for seed and chemicals are deducted from the final receipts.

There are 16,000 tobacco farmers in Nigeria, but the tobacco plots are typically small, ranging from 1/3 to 1 hectare for each farmer, with an average of 1/2 hectare per farm. As a result, it is inefficient for each farmer to own a rototiller, or any type of machinery. One company has initiated a new program for the tobacco farmers. To improve efficiency, the company has helped farmers organize into groups of around 20, with aggregate plots of 10 - 20 hectares per group. This concept, called block farming, allows economies of scale in the production of tobacco. The company is able to provide more advanced support to these farmers, including such facilities as tractors and the tractor maintenance. A mobile workshop supplied by the company frequently services the machinery. More extension service is also provided, with the farmers growing maize as the first crop. As tobacco needs much more fertilizer than maize, this helps maize yields as well. The company then buys the maize, which is ground into flour and sold to the company employees at cost.

Block farming started in Nigeria about five years ago, and now accounts for around 50 percent of production. Unmanufactured tobacco production in Nigeria rose last year to 10,000 tons, farm sales weight, compared to an average of 7,500 tons in the recent past.

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Four types of tobacco are grown, three air-cured and one flue-cured type. They are as follows:

1. Northern Nigerian Bright (air cured)
2. Zaria Bright (air cured)
3. Southern Nigerian Dark (air cured)
4. Nigerian Flue-Cured

The Northern Nigerian Bright (NNB) is grown in the north and east of the state of Sokoto, in the north of Kano, in Bauchi, and in Plateau. The Zaria Bright (ZAB) is grown in the state of Kaduna. The Southern Nigerian Dark (SND) is grown in Oyo. The flue-cured tobacco is grown in Oyo, and in Benue. See accompanying map for location of growing areas. NNB and ZAB account for 60 percent of the tobacco produced in Nigeria. In 1985, the flue-cured crop was a disaster, the result of too much rain.

Prices paid by the companies to the growers in 1985 were N3.50 to 3.75 per kilogram for NFC, and N1.50 per kilogram for the air cured varieties. The official exchange rate of the Naira is about 1.00 to US$1.00. The unofficial rate is about N4.00 to US$1.00. Where previously wood was used for curing the NFC, kerosene is now taking over as the fuel of choice.

Cigarettes

In Nigeria, the English-type cigarette is still the most popular, although the American style is becoming more popular. There are three price classes of cigarettes, with official prices set by the government. Price increases of more than 10 percent need cabinet approval. The official ex factory prices, which are generally marked up by up to 200 percent by the retailers, are as follows:

Class A	90K	Class B	55K	Class C	35K

There are 100 Kobo to the Naira.

With the total consumption in Nigeria estimated at 18 billion pieces per year, and the "transit" market accounting for half of that, the companies produce about 9 billion cigarettes. Most of the 9 billion in the "transit" market are upscale Western imports, including English and American brands. Of the 9 billion locally produced, about 1/12 are Class A cigarettes, and the rest are split about evenly between B and C. With capacity around 14 billion pieces at the plants, production at this point is only around 60 percent of capacity.

Nigeria is currently experiencing severe economic difficulties brought about by the recent decrease in the price of oil, the principal source of foreign exchange. This situation has been going on for some time, since revenues peaked several years ago. As a result, the government has curtailed the value of import licenses for such nonessentials as tobacco products. In recent years, the tobacco companies have received import licenses worth only 1/5 of the amount they request.

In 1985, the companies requested import licenses totaling N25 million, but received only N5 million. This year, they have applied for N22.6 million, of which N2 million is for tobacco. At the time of this writing, a total of N5.5 million has been approved. There is little chance more will be

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approved. Current government policy is to allow enough import license capital to run factories at 55 percent capacity (the company's current rate). Nigerian companies are required to use local raw materials whenever possible.

Countertrade is another possible source of foreign capital goods. Up to $1 billion is allowed in an agreement made recently with Brazil. However, tobacco was not an eligible commodity in that agreement. In the future, possible private barter deals may be allowed by the government.

Tariffs and Taxes

The tariff structure for tobacco and tobacco products in Nigeria is as follows:

Tariff Number	Description	Rate	Stat. code	Unit
24.01	Unmanufactured tobacco	30%	121.00	kilogram
24.02	Manufactured tobacco; tobacco extracts and essences:			
	A.Cigars and cheroots	100%	122.10	kg. and hundred
	B.Cigarettes	60%	122.20	kg. and hundred
	C.Other (including snuff)	50%	122.30	kilogram

For imported unmanufactured tobacco, the duty breaks down as follows:

23.98%	to the treasury
6.02%	for administrative costs
30.00%	total

In addition, tobacco products are assessed excise taxes, as follows:

Cigars and cheroots	50%
Cigarettes: below 1000 gm/1000 pieces	30%
1000-1200 gm/1000 pieces	55%
above 1200 gm/1000 pieces	75%
Snuff	10%

Nigerian tobacco companies consistently keep the cigarette weight below 1000 grams per 1000 pieces to minimize the tax burden. In 1985, the company paid N28 million in excise tax.

U.S. unmanufactured tobacco exports to Nigeria, as reported by Census statistics are shown below, in metric tons and calendar years.

Year	1981	1982	1983	1984	1985	MEAN
QUANTITY	417	362	466	555	194	399
VALUE	$2,636,109	$2,632,806	$2,945,059	$3,387,729	$1,157,059	$2,551,752
$/M. TON	$6,322	$7,273	$6,320	$6,104	$5,964	$6,399

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CAMEROON

Cameroon is one of the most rapidly developing economies in Africa. A net agricultural exporter, it has also recently become a net oil exporter. Cameroon has several companies involved with tobacco and cigarette production. One is primarily involved in the export of cigar wrapper, and the others in cigarette manufacture. Consumption is increasing rapidly, at least 10 percent per year. Cigarette consumption is estimated at 4.4 billion cigarettes per year, and the largest company makes about 3 billion. Estimates of the "transit" import traffic range from 20-30 percent. Tastes are changing from the heavy dark tobacco cigarettes to the lighter blended American taste.

Production and Prices

No agency of the government is directly involved in tobacco production. Cigar wrapper is grown in the eastern provinces, primarily in the area of Bertoua. See accompanying map for location. The seed bed is prepared in January or February, with transplant in March. Throughout April, picking of the lower leaves occurs. By the end of May, the crop has been harvested, and buying begins. Production of cigar wrapper is trending down slightly and nearly all of the product is exported.

The company that exports the cigar wrapper gives the farmers seed, some credit, and extension assistance. They buy all of the tobacco and grade it by color and size, having it placed in bunches of 30 leaves. It is fermented in their own facilities, and packed in bales of 80 kilograms. The upper position leaves are the top quality, and are sold from June on by auction in facilities in Europe. The lower leaves are stripped and used for chewing tobacco, much of which is sold to the United States. In 1984, 16,000 bales were exported, of which 55 percent was chewing tobacco quality, and 45 percent wrapper quality. In marketing year 1985, 18,000 bales are to be sold, with about half going for each use.

There are 7,000 tobacco farmers in Cameroon, cultivating about 3,500 hectares. The producer price is set by the sole purchasing company, and the average for 1985 was CFAF 500 to 660 per kilogram (around $1.43 to $1.88 per kilogram). The CFA franc is used by most of Francophone West Africa (including Cameroon, Ivory Coast, and Senegal), and is tied to the French franc, at a rate of CFAF 50 to French F1.00. Exchange rates have fluctuated, and were CFAF 358 to US$1.00 at the time of the trip. At press time the rate was CFAF 349 to US$1.00.

About seven years ago, the company that buys and exports the cigar leaf tried to manufacture cigars in Cameroon. Lack of local consumer acceptance of the product hampered domestic consumption. Therefore, the production was geared for export, but trade barriers were often insurmountable. In addition, the quality of workmanship needed for the target markets -- Europe and the United States -- was not achieved by the inexperienced cigar makers, and the venture was unsuccessful. In the future, cigar production may be started again for export to Europe, as tariffs there are preferential.

Another company is involved in producing other types of tobacco, mainly flue-cured, for use in domestic cigarettes. Burley and dark air cured tobaccos for cigarette use are also produced on a small scale. Flue-cured production is about 300 tons, and is still considered experimental. However, it is increasing.

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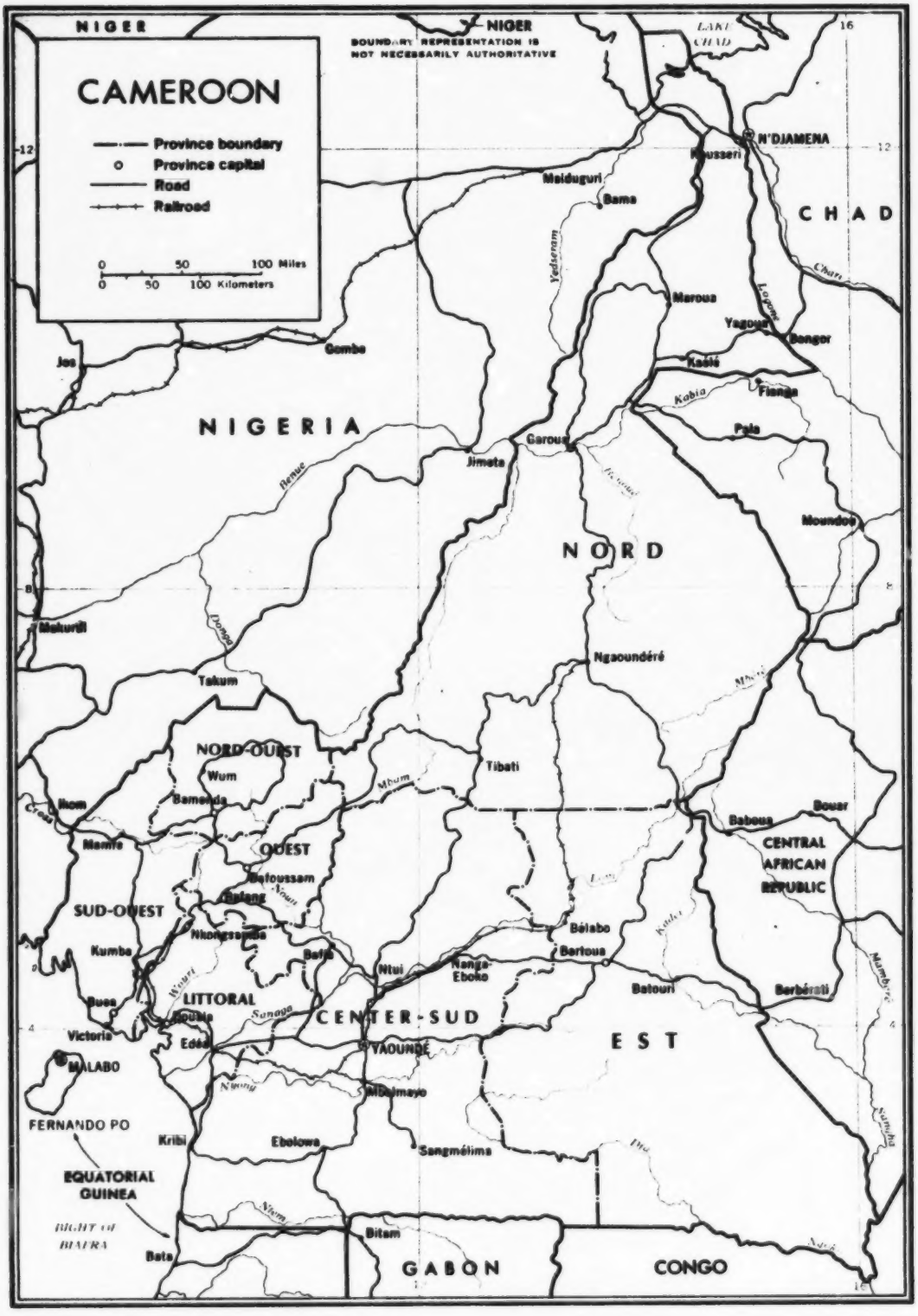

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Cigarettes

Consumption in Cameroon is 4.4 billion pieces per year, and is increasing rapidly, around 10 percent per year. About 20 to 30 percent of consumption -- mostly the luxury brands -- comes from "transit" imports. At the time of the trip, several new brands had come onto the Cameroonian market.

Total leaf imports, about 2,300 tons annually, are from the United States, Brazil, Zimbabwe, Italy, Malawi, Argentina, and China. Included in this figure are small amounts of black fat tobacco imported from the United States. This leaf enters Cameroon duty free. No quantitative restriction on leaf imports exists.

When purchasing cigarettes in Cameroon, the consumer considers price, image, packaging, and quality or taste, in that order. The excise tax is CFAF 1500 per kilogram for cigarettes. The retail price ranges from around CFAF 250 per pack for the local upscale brands, to 170 for Delta, to less for the lower scale local blends. Imported cigarettes are more expensive, but legal imports are nil. Nearly 70 percent of cigarettes in Cameroon, as well as the rest of West Africa, are sold by the piece.

There are no official policies or regulations concerning smoking and health in Cameroon. Likewise, there is no government policy of restricting advertising of tobacco products. Most of the companies, however, have agreed voluntarily not to advertise on television.

Trade

Shown below are official Cameroon export statistics for unmanufactured tobacco, in metric tons and calendar years.

	1980	1981	1982	1983	1984
QUANTITY	3,411	2,009	1,778	1,866	1,521

The figures below show United States unmanufactured tobacco exports to Cameroon, including black fat, in metric tons, and calendar years.

	1981	1982	1983	1984	1985	1981-85 Average
QUANTITY	822	898	867	618	957	832
VALUE	$3,142,291	$3,091,129	$3,327,489	$2,711,831	$3,846,791	$3,223,906
UNIT VALUE	$3,823	$3,442	$3,838	$4,388	$4,020	$3,873

IVORY COAST

The economy of the Ivory Coast stagnated from 1980 to 1984, as a result of increased oil prices and lower foreign exchange earnings from traditional export commodities like cocoa. Since that time, the economy has improved markedly, and along with it, cigarette production and consumption. In the Ivory Coast, there is one major cigarette manufacturer. The company has manufacturing facilities in Bouake, in the north central part of the country. Several other firms are involved in public relations, quality control, and advertising for the major Western-style brands.

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Leaf Production and Prices

The manufacturing company has a contractual relationship with Ivorian tobacco farmers. The company is sole purchaser of tobacco from the farmers. The government has no extension service for tobacco production in the Ivory Coast. It does, however, control the producer price, taking into account the price of other commodities, and what the company considers a reasonable price for the tobacco, which is used in domestic cigarette production.

Tobacco is grown in the north central part of the country, mostly around Korhogo and near Bouake. See accompanying map for location. Seedlings are started in May, and transplanted in June to the fields. Harvesting occurs from August on, with the average harvest being 32 leaves per plant. No topping is done to the plants. No irrigation is used. The company that buys all the leaf has a warehouse and primary drying facility in Korhogo, where most of the domestic tobacco is stored. The tobacco is a dark air cured type, and is used as cigarette filler. It competes with rice, cotton, maize, and millet. Generally, tobacco and cotton are the only cash crops grown in the area.

There are a total of 3,000 tobacco farmers in Ivory Coast. Area planted in tobacco ranges from 1/10 to 2 hectares. The average plot is 15 ares, or 0.15 hectares. The company provides extension assistance, as well as free seeds (Paraguayan) and fertilizer. Domestic production utilizes hand labor only. Yields run about 700 kilograms per hectare, farm sales weight. Production averages from around 240 to 400 tons each year. Production in 1986 is expected to be around 300 tons, farm sales weight. In 1985 it was 250 tons.

The tobacco is graded into three categories, for which the farmer is paid as follows:

1. CFAF 250 per kilogram.
2. CFAF 210 per kilogram.
3. CFAF 100 per kilogram.

Exchange rates have fluctuated, and were CFAF 358 to US$1.00 at the time of the trip. At press time the rate was CFAF 349 to US$1.00.

Grading is based on leaf length, color and smell. Prices were increased by CFAF 20 for the top two grades, and by CFAF 10, from last year's level. In 1984, 140 tons were graded in Class 1, 70 in Class 2, and 38 in Class 3.

The company has experimented with growing flue-cured and burley tobacco, but with little success. A new burley seed variety from the Congo is expected to produce better results than previous French burley seed.

Perhaps around 100 metric tons of a native tobacco are also grown in Ivory Coast, for cottage consumption. This tobacco, which is drought resistant, is high yielding, but not part of the cash economy.

Cigarettes

After stagnant demand for several years, cigarette consumption is again increasing by around 4 to 5 percent per year.

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The company that manufactures cigarettes in Ivory Coast produces several western-style brands under license. Other brands it produces locally are designed to compete directly with the western-style. Several of the locally produced western-style brands use U.S. leaf. Consumption along taste lines is split into three groups: the traditional French or dark type cigarettes, the English all flue-cured cigarette, and the American-style, or light blended cigarette. The dark type has about a 45 percent share of the market, and is declining in market share. Next is the English type, with 40 percent, and a slightly increasing market. Finally, the American-style cigarette, with 15 percent of the market, is growing rapidly in demand and market share.

The manufacturing facilities in Bouake are considered to be very modern, with primary and secondary redrying facilities, modern cigarette manufacturing and packaging equipment, and high production efficiency. The company keeps stocks at about a six month supply.

According to industry officials, the three most important factors for the consumer, when buying cigarettes, are brand image, price, and taste. Consumption averages about 8 pieces per day. Lower income groups consume perhaps 4 pieces per day. The majority of smokers are males, with only about 20 percent of females smoking. The demand for consumption is seasonal, directly related to the harvest of crops (and corresponding cash inflow) at the end of the rainy season.

The price of cigarettes is controlled by the government, and usually increased only once per year. The last increase was in November 1985. Production is about 4 billion pieces per year, with little transit trade occuring, mostly in imported western-style cigarettes.

Cigarette exports are small, about 10 percent of production. Official cigarette export destinations include Mali, Ghana, Niger, and Guinea. Cut tobacco for cigarette production is sent through Ivory Coast to Burkina Faso.

Imported leaf is from India, Brazil, Argentina, the United Kingdom, United States, and Italy, and amounts to some 3,500 tons per year.

The government does not directly regulate cigarette production, except for packaging, which requires the country of origin to be labelled. Advertising of cigarettes on television is prohibited, but is allowed on radio, billboards, and magazines. There are some restrictions on smoking in public places.

Taxes, Tariffs and Retail Prices

The excise tax on cigarettes is CFAF 100 ex factory. Other taxes amount to 67 percent of value. Imported cigarettes have a specific fiscal duty of CFAF 5200 per kilogram, and a 5 percent custom duty. Imported cigars have a specific fiscal duty of CFAF 9800 per kilogram, and a 5 percent custom duty. Pipe or cigarette tobacco, chewing tobacco, and snuff all have a fiscal duty of CFAF 2350 per kilogram, and a 5 percent custom duty. Leaf is imported with a 50 percent duty.

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Shown below are the retail prices for cigarettes in Ivory Coast:

Type	Price
Licensed American	CFAF 385
Licensed English	CFAF 385
Licensed English	CFAF 385
Local American	CFAF 275
Local American	CFAF 220
Local English	CFAF 220
Licensed French	CFAF 195
Licensed French	CFAF 195
Licensed French	CFAF 135

Trade

Shown below are United States export figures for unmanufactured tobacco to Ivory Coast, in metric tons and calendar years.

	1981	1982	1983	1984	1985	Average 1981-85
QUANTITY	680	451	306	345	650	486
VALUE	$4,444,395	$3,385,190	$2,244,025	$2,310,263	$5,489,087	$3,574,592
UNIT VALUE	$6,536	$7,506	$7,333	$6,696	$8,445	$7,349

SENEGAL

Senegal is a relatively important cigarette producer and exporter in West Africa. As no commercial local leaf is utilized in cigarette production, Senegal imports over 4,000 tons from all sources annually. There is some small scale "grow and smoke your own" production, perhaps 100 tons. There is one cigarette manufacturer in Senegal.

The company has 650 employees, with 300 involved in manufacture, and 350 in distribution. The manufacturing plant is modern, with recent improvements of CFAF 900 million spent in 1984, and CFAF 1.2 billion in 1985. Cigarette production in Senegal is about 3.2 billion pieces, of which 900 million is exported, according to industry officials. Transit imports are nil. Official cigarette export destinations include Mauritania, Mali, Guinea, Sierra Leone, and Liberia. Domestic consumption is increasing about 2 percent per year.

Many western-style brands are produced under license by the company. Blended strips are used for the production of several of the western brands. For the production of one of the brands, the strips contain by type flue-cured, which accounts for 46 percent of the volume, followed by burley, with 37 percent, and 17 percent oriental.

Cigarette consumers, when buying cigarettes in Senegal, consider the aspects of the purchase in the following order:

1. Price
2. Amount of Advertising
3. Distribution
4. Taste

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Newly introduced, locally produced brands include several American type brands.

Retail prices for cigarettes in Senegal are as follows:

Type	Price
Expensive Import	CFAF 350
Imported English	CFAF 300
Licensed American	CFAF 300
Licensed English	CFAF 280
Imported English	CFAF 280
Licensed American	CFAF 250
Imported American	CFAF 250
Local American	CFAF 200
Local American	CFAF 200
Local American	CFAF 200
Local English	CFAF 200
Local French	CFAF 80

Exchange rates have fluctuated, and were CFAF 358 to US$1.00 at the time of the trip. At press time the rate was CFAF 349 to US$1.00.

Other brands and types are on the market, for which price information was not available.

Nearly all of the company's buying is done in France, similar to purchasing in Cameroon and Ivory Coast. Major sources of leaf include France, Italy, Brazil, India, Zimbabwe, Argentina, and the United States. Here, too, the trend in consumption is toward the American- and English-type cigarettes, and away from the French-style dark leaf cigarettes.

From 1982 to 1985, all forms of advertising for cigarettes were prohibited, but now it is allowed. The levels of tar and nicotine found in the cigarettes must be printed, along with the following warning:

"ABUS DANGEREUX POUR VOTRE SANTE"
"NICOTINE X.XX MG. GOUDRONS XX.X MG."

This message translates as follows: "Abuse is dangerous to your health. Nicotine X.XX mg. Tar XX.X mg."

Also, "VENTE AU SENEGAL" (Sold in Senegal) must be displayed on cigarettes sold domestically.

Tariffs and Taxes

The tariff on unmanufactured tobacco is 55 percent, and is rebated on cigarettes that are exported. Import duties on cigarettes include a 75 percent customs duty, and 15 percent fiscal duty. There is also a 2 percent tax on all cigarettes consumed, and a CFAF 1.5 per pieces tax, and a TCA (sales tax) of 15 percent.

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Trade

Shown below are official trade statistics for tobacco imported into Senegal for calendar years 1982 through 1984. Quantities shown are in metric tons. Value is in million CFAF. Unit value is CFAF per kilogram.

Year	1982	1983	1984
QUANTITY	2,589	3,501	4,107
VALUE	3,286	4,204	4,608
UNIT VALUE	1,269	1,201	1,122
Exchange rate to US$:	329	381	437

Shown below are United States export figures for unmanufactured tobacco to Senegal, in metric tons and calendar years.

	1981	1982	1983	1984	1985	AVERAGE 1981-85
QUANTITY	0	25	20	275	256	115
VALUE	$0	$125,897	$86,295	$2,328,251	$2,059,758	$920,040
UNIT VALUE	$0	$5,036	$4,315	$8,466	$8,046	$7,986

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